

Vale S.A.  
Form 6-K  
April 30, 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**

**April, 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**

**March 31, 2014**

**IFRS**

Filed with the CVM, SEC and HKEx on

April 30, 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

Vale S.A.

We have reviewed the accompanying condensed consolidated balance sheet of Vale S.A. (the Company) and its subsidiaries as of March 31, 2014, and the related condensed consolidated statements of income, of comprehensive income, of cash flows and of stockholders' equity for the three-month periods ended March 31, 2014 and March 31, 2013. 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 the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Rio de Janeiro, April 30, 2014

/S/ PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 F RJ

/S/ Ivan Michael Clark  
Contador CRC 1MG061100/O-3 S RJ

Table of Contents**Condensed Balance Sheet**

In millions of United States Dollars

|                                                                    | Notes | March 31, 2014<br>(unaudited) | December 31, 2013 |
|--------------------------------------------------------------------|-------|-------------------------------|-------------------|
| <b>Assets</b>                                                      |       |                               |                   |
| <b>Current assets</b>                                              |       |                               |                   |
| Cash and cash equivalents                                          | 7     | 7,182                         | 5,321             |
| Derivative financial instruments                                   | 22    | 186                           | 201               |
| Accounts receivable                                                | 8     | 4,103                         | 5,703             |
| Related parties                                                    | 29    | 719                           | 261               |
| Inventories                                                        | 9     | 4,754                         | 4,125             |
| Prepaid income taxes                                               |       | 1,594                         | 2,375             |
| Recoverable taxes                                                  | 10    | 1,632                         | 1,579             |
| Advances to suppliers                                              |       | 126                           | 125               |
| Receivable from sale of investment                                 |       | 1,197                         |                   |
| Others                                                             |       | 833                           | 921               |
|                                                                    |       | <b>22,326</b>                 | <b>20,611</b>     |
| <b>Non-current assets held for sale and discontinued operation</b> |       |                               |                   |
|                                                                    | 6     | 665                           | 3,766             |
|                                                                    |       | <b>22,991</b>                 | <b>24,377</b>     |
| <b>Non-current assets</b>                                          |       |                               |                   |
| Related parties                                                    | 29    | 115                           | 108               |
| Loans and financing agreements receivable                          |       | 261                           | 241               |
| Judicial deposits                                                  | 16    | 1,552                         | 1,490             |
| Recoverable income taxes                                           |       | 414                           | 384               |
| Deferred income taxes                                              | 18    | 4,690                         | 4,523             |
| Recoverable taxes                                                  | 10    | 289                           | 285               |
| Derivative financial instruments                                   | 22    | 169                           | 140               |
| Deposit on incentive and reinvestment                              |       | 197                           | 191               |
| Others                                                             |       | 788                           | 738               |
|                                                                    |       | <b>8,475</b>                  | <b>8,100</b>      |
| Investments                                                        | 11    | 5,315                         | 3,584             |
| Intangible assets, net                                             | 12    | 7,094                         | 6,871             |
| Property, plant and equipment, net                                 | 13    | 83,762                        | 81,665            |
|                                                                    |       | <b>104,646</b>                | <b>100,220</b>    |
| <b>Total</b>                                                       |       | <b>127,637</b>                | <b>124,597</b>    |

Table of Contents**Condensed Balance Sheet**

In millions of United States Dollars

(continued)

|                                                                                                                         | Notes | March 31, 2014<br>(unaudited) | December 31, 2013 |
|-------------------------------------------------------------------------------------------------------------------------|-------|-------------------------------|-------------------|
| <b>Liabilities</b>                                                                                                      |       |                               |                   |
| <b>Current liabilities</b>                                                                                              |       |                               |                   |
| Suppliers and contractors                                                                                               |       | 3,473                         | 3,772             |
| Payroll and related charges                                                                                             |       | 800                           | 1,386             |
| Derivative financial instruments                                                                                        | 22    | 490                           | 238               |
| Loans and financing                                                                                                     | 14    | 1,769                         | 1,775             |
| Related parties                                                                                                         | 29    | 328                           | 205               |
| Income Taxes Settlement Program                                                                                         | 17    | 499                           | 470               |
| Taxes and royalties payable                                                                                             |       | 445                           | 327               |
| Provision for income taxes                                                                                              |       | 267                           | 378               |
| Employee postretirement obligations                                                                                     | 19    | 96                            | 97                |
| Asset retirement obligations                                                                                            | 15    | 161                           | 96                |
| Others                                                                                                                  |       | 634                           | 420               |
|                                                                                                                         |       | <b>8,962</b>                  | <b>9,164</b>      |
| Liabilities directly associated with non-current assets held for sale and discontinued operation                        |       |                               |                   |
|                                                                                                                         | 6     |                               | 448               |
|                                                                                                                         |       | <b>8,962</b>                  | <b>9,612</b>      |
| <b>Non-current liabilities</b>                                                                                          |       |                               |                   |
| Derivative financial instruments                                                                                        | 22    | 1,122                         | 1,492             |
| Loans and financing                                                                                                     | 14    | 28,085                        | 27,670            |
| Related parties                                                                                                         | 29    | 164                           | 5                 |
| Employee postretirement obligations                                                                                     | 19    | 2,086                         | 2,198             |
| Provisions for litigation                                                                                               | 16    | 1,373                         | 1,276             |
| Income Taxes Settlement Program                                                                                         | 17    | 6,773                         | 6,507             |
| Deferred income taxes                                                                                                   | 18    | 3,210                         | 3,228             |
| Asset retirement obligations                                                                                            | 15    | 2,632                         | 2,548             |
| Stockholders' Debentures                                                                                                | 28(e) | 1,860                         | 1,775             |
| Redeemable noncontrolling interest                                                                                      |       | 276                           | 276               |
| Gold stream transaction                                                                                                 | 27    | 1,481                         | 1,497             |
| Others                                                                                                                  |       | 1,714                         | 1,577             |
|                                                                                                                         |       | <b>50,776</b>                 | <b>50,049</b>     |
| <b>Total liabilities</b>                                                                                                |       | <b>59,738</b>                 | <b>59,661</b>     |
| <b>Stockholders' equity</b>                                                                                             |       |                               |                   |
|                                                                                                                         | 23    |                               |                   |
| Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,108,579,618 (2,108,579,618 in 2013) issued |       | 22,907                        | 22,907            |
|                                                                                                                         |       | 37,671                        | 37,671            |

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Common stock - 3,600,000,000 no-par-value shares authorized and

3,256,724,482 (3,256,724,482 in 2013) issued

Treasury stock - 140,857,692 (140,857,692 in 2013) preferred and 71,071,482

(71,071,482 in 2013) common shares

|                                                          |                |                |
|----------------------------------------------------------|----------------|----------------|
|                                                          | (4,477)        | (4,477)        |
| Results from operations with noncontrolling stockholders | (400)          | (400)          |
| Results on conversion of shares                          | (152)          | (152)          |
| Unrealized fair value gain (losses)                      | (1,219)        | (1,202)        |
| Cumulative translation adjustments                       | (21,154)       | (20,588)       |
| Retained earnings and revenue reserves                   | 33,217         | 29,566         |
| <b>Total company stockholders equity</b>                 | <b>66,393</b>  | <b>63,325</b>  |
| Noncontrolling interests                                 | 1,506          | 1,611          |
| <b>Total stockholders equity</b>                         | <b>67,899</b>  | <b>64,936</b>  |
| <b>Total liabilities and stockholders equity</b>         | <b>127,637</b> | <b>124,597</b> |

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

Table of Contents**Condensed Statement of Income**

In millions of United States Dollars, except as otherwise stated

|                                                                       | Notes | Three-month period ended (unaudited) |                |
|-----------------------------------------------------------------------|-------|--------------------------------------|----------------|
|                                                                       |       | March 31, 2014                       | March 31, 2013 |
| <b>Continuing operations</b>                                          |       |                                      |                |
| Net operating revenue                                                 | 24    | 9,503                                | 10,646         |
| Cost of goods sold and services rendered                              | 25    | (5,590)                              | (5,404)        |
| <b>Gross profit</b>                                                   |       | <b>3,913</b>                         | <b>5,242</b>   |
| <b>Operating (expenses) income</b>                                    |       |                                      |                |
| Selling and administrative expenses                                   | 25    | (282)                                | (352)          |
| Research and evaluation expenses                                      |       | (145)                                | (171)          |
| Pre operating and stoppage operation                                  |       | (248)                                | (375)          |
| Other operating expenses, net                                         | 25    | (217)                                | (135)          |
|                                                                       |       | <b>(892)</b>                         | <b>(1,033)</b> |
| <b>Operating income</b>                                               |       | <b>3,021</b>                         | <b>4,209</b>   |
| Financial income                                                      | 26    | 1,339                                | 626            |
| Financial expenses                                                    | 26    | (1,190)                              | (972)          |
| Equity results from joint venture entities and associates             | 11    | 195                                  | 172            |
| <b>Net income before income taxes</b>                                 |       | <b>3,365</b>                         | <b>4,035</b>   |
| <b>Income taxes</b>                                                   |       |                                      |                |
|                                                                       | 18    |                                      |                |
| Current tax                                                           |       | (928)                                | (1,095)        |
| Deferred tax                                                          |       | (61)                                 | 168            |
|                                                                       |       | <b>(989)</b>                         | <b>(927)</b>   |
| <b>Income from continuing operations</b>                              |       | <b>2,376</b>                         | <b>3,108</b>   |
| Loss attributable to noncontrolling interests                         |       | (139)                                | (57)           |
| <b>Net income attributable to the Company's stockholders</b>          |       | <b>2,515</b>                         | <b>3,165</b>   |
| <b>Discontinued Operations</b>                                        |       |                                      |                |
| Loss from discontinued operations                                     |       |                                      | (56)           |
| <b>Loss attributable to the Company's stockholders</b>                |       |                                      | <b>(56)</b>    |
| <b>Net income</b>                                                     |       | <b>2,376</b>                         | <b>3,052</b>   |
| Loss attributable to noncontrolling interests                         |       | (139)                                | (57)           |
| <b>Net income attributable to the Company's stockholders</b>          |       | <b>2,515</b>                         | <b>3,109</b>   |
| <b>Earnings per share attributable to the Company's stockholders:</b> |       |                                      |                |
|                                                                       | 23    |                                      |                |
| <b>Basic and diluted earnings per share:</b>                          |       |                                      |                |
| Common share                                                          |       | 0.49                                 | 0.60           |
| Preferred share                                                       |       | 0.49                                 | 0.60           |

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

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

In millions of United States Dollars

|                                                                         | Three-month period ended (unaudited) |                |
|-------------------------------------------------------------------------|--------------------------------------|----------------|
|                                                                         | March 31, 2014                       | March 31, 2013 |
| <b>Net income</b>                                                       | <b>2,376</b>                         | <b>3,052</b>   |
| <b>Other comprehensive income</b>                                       |                                      |                |
| <b>Item that will not be reclassified subsequently to income</b>        |                                      |                |
| <b>Cumulative translation adjustments</b>                               | <b>2,311</b>                         | <b>936</b>     |
| <b>Retirement benefit obligations</b>                                   |                                      |                |
| Gross balance for the period                                            | 24                                   | 28             |
| Effect of taxes                                                         | (3)                                  | (3)            |
| Equity results from associates and joint ventures, net taxes            | 1                                    |                |
|                                                                         | <b>22</b>                            | <b>25</b>      |
| <b>Total items that will not be reclassified subsequently to income</b> | <b>2,333</b>                         | <b>961</b>     |
| <b>Item that will be reclassified subsequently to income</b>            |                                      |                |
| <b>Cumulative translation adjustments</b>                               |                                      |                |
| Gross balance for the period                                            | (1,765)                              | (1,162)        |
| <b>Unrealized results on available-for-sale investments</b>             |                                      |                |
| Gross balance for the period                                            |                                      | (205)          |
| <b>Cash flow hedge</b>                                                  |                                      |                |
| Gross balance for the period                                            | (4)                                  | (65)           |
| Effect of taxes                                                         | 3                                    | 5              |
| Equity results from associates and joint ventures, net taxes            |                                      | 3              |
| Transfer of realized results to income, net taxes                       | (16)                                 | 17             |
|                                                                         | <b>(17)</b>                          | <b>(40)</b>    |
| <b>Total of items that will be reclassified subsequently to income</b>  | <b>(1,782)</b>                       | <b>(1,407)</b> |
| <b>Total comprehensive income</b>                                       | <b>2,927</b>                         | <b>2,606</b>   |
| Comprehensive income attributable to noncontrolling interests           | (141)                                | (59)           |
| <b>Comprehensive income attributable to the Company's stockholders</b>  | <b>3,068</b>                         | <b>2,665</b>   |

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

Table of Contents**Condensed Statement of Changes in Stockholder's Equity**

In millions of United States Dollars

|                                                                   | Three-month period ended |                                       |                                                                  |                     |                   |                                           |                                          |                      |                                          |                                             |                                  |
|-------------------------------------------------------------------|--------------------------|---------------------------------------|------------------------------------------------------------------|---------------------|-------------------|-------------------------------------------|------------------------------------------|----------------------|------------------------------------------|---------------------------------------------|----------------------------------|
|                                                                   | Capital                  | Results on<br>conversion of<br>shares | Results from<br>operation with<br>noncontrolling<br>stockholders | Revenue<br>reserves | Treasury<br>stock | Unrealized fair<br>value gain<br>(losses) | Cumulative<br>translation<br>adjustments | Retained<br>earnings | Total Company<br>stockholder's<br>equity | Noncontrolling<br>stockholders<br>interests | Total<br>stockholder's<br>equity |
| <b>December 31,<br/>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</b>                                                 |                          |                                       |                                                                  |                     |                   |                                           |                                          | <b>3,109</b>         | <b>3,109</b>                             | <b>(57)</b>                                 | <b>3,052</b>                     |
| <b>Other<br/>comprehensive<br/>income:</b>                        |                          |                                       |                                                                  |                     |                   |                                           |                                          |                      |                                          |                                             |                                  |
| Retirement<br>benefit<br>obligations                              |                          |                                       |                                                                  |                     |                   | 25                                        |                                          |                      | 25                                       |                                             |                                  |
| Cash flow hedge                                                   |                          |                                       |                                                                  |                     |                   | (40)                                      |                                          |                      | (40)                                     |                                             |                                  |
| Unrealized fair<br>value results                                  |                          |                                       |                                                                  |                     |                   | (205)                                     |                                          |                      | (205)                                    |                                             |                                  |
| Translation<br>adjustments                                        |                          |                                       |                                                                  | 474                 |                   | (21)                                      | (640)                                    | (37)                 | (224)                                    | (2)                                         |                                  |
| <b>Contribution<br/>and<br/>distribution to<br/>stockholders:</b> |                          |                                       |                                                                  |                     |                   |                                           |                                          |                      |                                          |                                             |                                  |
| Capitalization of<br>noncontrolling<br>stockholders<br>advances   |                          |                                       |                                                                  |                     |                   |                                           |                                          |                      |                                          | 4                                           |                                  |
| Redeemable<br>noncontrolling<br>stockholders<br>interest          |                          |                                       |                                                                  |                     |                   |                                           |                                          |                      |                                          | (12)                                        |                                  |
| <b>March 31, 2013<br/>(unaudited)</b>                             | <b>60,578</b>            | <b>(152)</b>                          | <b>(400)</b>                                                     | <b>38,863</b>       | <b>(4,477)</b>    | <b>(2,285)</b>                            | <b>(19,303)</b>                          | <b>3,080</b>         | <b>75,904</b>                            | <b>1,521</b>                                | <b>77,425</b>                    |
| <b>December 31,<br/>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>64,936</b>                    |
| <b>Net income</b>                                                 |                          |                                       |                                                                  |                     |                   |                                           |                                          | <b>2,515</b>         | <b>2,515</b>                             | <b>(139)</b>                                | <b>2,376</b>                     |
| <b>Other<br/>comprehensive<br/>income:</b>                        |                          |                                       |                                                                  |                     |                   |                                           |                                          |                      |                                          |                                             |                                  |

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|                                                        |               |              |              |               |                |                |                 |              |               |              |           |
|--------------------------------------------------------|---------------|--------------|--------------|---------------|----------------|----------------|-----------------|--------------|---------------|--------------|-----------|
| Retirement benefit obligations                         |               |              |              |               |                |                |                 |              |               |              |           |
| Cash flow hedge                                        |               |              |              |               |                | (17)           |                 |              | (17)          |              |           |
| Translation adjustments                                | 1,040         |              |              |               |                | (22)           | (566)           | 96           | 548           | (2)          |           |
| <b>Contribution and distribution to stockholders:</b>  |               |              |              |               |                |                |                 |              |               |              |           |
| Capitalization of noncontrolling stockholders advances |               |              |              |               |                |                |                 |              |               | 38           |           |
| Dividends to noncontrolling stockholders               |               |              |              |               |                |                |                 |              |               | (2)          |           |
| <b>March 31, 2014 (unaudited)</b>                      | <b>60,578</b> | <b>(152)</b> | <b>(400)</b> | <b>30,606</b> | <b>(4,477)</b> | <b>(1,219)</b> | <b>(21,154)</b> | <b>2,611</b> | <b>66,393</b> | <b>1,506</b> | <b>67</b> |

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

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

In millions of United States Dollars

|                                                                                 | Three-month period ended (unaudited) |                |
|---------------------------------------------------------------------------------|--------------------------------------|----------------|
|                                                                                 | March 31, 2014                       | March 31, 2013 |
| <b>Cash flow from continuing operating activities:</b>                          |                                      |                |
| Net income from continuing operations                                           | 2,376                                | 3,109          |
| <b>Adjustments to reconcile net income with cash from continuing operations</b> |                                      |                |
| Equity results from associates and joint venture                                | (195)                                | (172)          |
| Loss on disposal of property, plant and equipment                               | 127                                  | 78             |
| Depreciation, amortization and depletion                                        | 1,026                                | 1,007          |
| Deferred income taxes                                                           | 61                                   | (168)          |
| Foreign exchange and indexation, net                                            | (311)                                | (321)          |
| Unrealized derivative losses, net                                               | (195)                                | (9)            |
| Stockholders' Debentures                                                        | 22                                   | 167            |
| Other                                                                           | 9                                    | (50)           |
| <b>Decrease (increase) in assets:</b>                                           |                                      |                |
| Accounts receivable                                                             | 1,822                                | 421            |
| Inventories                                                                     | (811)                                | (349)          |
| Recoverable taxes                                                               | 755                                  | 34             |
| Other                                                                           | 63                                   | 188            |
| <b>Increase (decrease) in liabilities:</b>                                      |                                      |                |
| Suppliers and contractors                                                       | 20                                   | (340)          |
| Payroll and related charges                                                     | (594)                                | (642)          |
| Taxes and contributions                                                         | (208)                                | (17)           |
| Gold stream transaction                                                         |                                      | 1,319          |
| Other                                                                           | 115                                  | (292)          |
| <b>Net cash provided by operating activities from continuing operations</b>     | <b>4,082</b>                         | <b>3,963</b>   |
| Net cash used in operating activities from discontinued operations              |                                      | (95)           |
| <b>Net cash provided by operating activities</b>                                | <b>4,082</b>                         | <b>3,868</b>   |
| <b>Cash flow from continuing investing activities:</b>                          |                                      |                |
| Short-term investments                                                          | 1                                    | (321)          |
| Loans and advances                                                              | (97)                                 | 24             |
| Guarantees and deposits                                                         | (32)                                 | (24)           |
| Additions to investments                                                        | (121)                                | (182)          |
| Additions to property, plant and equipment and intangible                       | (2,383)                              | (3,348)        |
| Dividends and interest on capital received from associates and joint venture    | 11                                   |                |
| Proceeds from disposal of assets\ Investments                                   |                                      | 95             |
| Proceeds from Gold stream transaction                                           |                                      | 581            |
| <b>Net cash used in investing activities from continuing operations</b>         | <b>(2,621)</b>                       | <b>(3,175)</b> |
| Net cash used in investing activities from discontinued operations              |                                      | (199)          |
| <b>Net cash used in investing activities</b>                                    | <b>(2,621)</b>                       | <b>(3,374)</b> |
| <b>Cash flow from continuing financing activities:</b>                          |                                      |                |

**Financial institutions - Loans and financing****Loans and financing**

|                                                                                       |              |              |
|---------------------------------------------------------------------------------------|--------------|--------------|
| Additions                                                                             | 651          | 129          |
| Repayments                                                                            | (293)        | (424)        |
| <b>Net cash provided by (used in) financing activities from continuing operations</b> | <b>358</b>   | <b>(295)</b> |
| <b>Net cash provided by (used in) used in financing activities</b>                    | <b>358</b>   | <b>(295)</b> |
| Increase in cash and cash equivalents                                                 | 1,819        | 199          |
| Cash and cash equivalents of cash, beginning of the period                            | 5,321        | 5,832        |
| Effect of exchange rate changes on cash and cash equivalents                          | 42           | 11           |
| <b>Cash and cash equivalents, end of the period</b>                                   | <b>7,182</b> | <b>6,042</b> |
| <b>Cash paid during the period for (i):</b>                                           |              |              |
| Interest on loans and financing                                                       | (453)        | (434)        |
| Income taxes                                                                          | (159)        | (824)        |
| Income taxes - settlement program                                                     | (116)        |              |
| <b>Inflows during the period:</b>                                                     |              |              |
| <b>Non-cash transactions:</b>                                                         |              |              |
| Additions to property, plant and equipment - interest capitalization                  | 15           | 117          |

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(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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**Notes to Condensed Consolidated Financial Statements**

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

**1. Operational Context**

Vale S.A. (the Parent Company) is a public limited liability 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 24.

**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).

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 available for sale financial instruments measured at fair value through the Statement of Comprehensive Income; and (ii) the impairment loss.

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

We evaluated subsequent events through April 28, 2014, which was the date of the Interim financial statement were approved by the Executive Officers.

**b) Functional currency and presentation currency**

The 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 Interim financial statements are presented in United States Dollars ( USD or US\$ ) as we understand this is how our international investors are used to 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 dates of the transactions and; (iii) capital, capital reserves and treasury stock are translated at the rate at the dates 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 at<br>March 31, 2014<br>(unaudited)   | December 31, 2013 | Average rate for the Three-months period ended<br>March 31, 2014<br>(unaudited) | March 31, 2013<br>(unaudited) |
| US Dollar - US\$        | 2.2630                                                 | 2.3426            | 2.3652                                                                          | 2.2734                        |
| Canadian Dollar - CAD   | 2.0472                                                 | 2.2031            | 2.1456                                                                          | 2.1660                        |
| Australian Dollar - AUD | 2.0989                                                 | 2.0941            | 2.1222                                                                          | 2.1077                        |
| Euro - EUR or           | 3.1175                                                 | 3.2265            | 3.2399                                                                          | 3.0958                        |

### 3. Critical Accounting Estimates

The critical accounting estimates are the same as those adopted in preparing the interim financial statements for the year ended December 31, 2013.

### 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 conclude that hedge accounting do not terminate or expire when as consequence of law or regulation, a derivative financial instrument replace their original counterparty to become the new counterparty to each of the parties. 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**

**IFRS 14 Regulatory Deferral Accounts** In January 2014 IASB issued the standard IFRS 14 - Regulatory Deferral Accounts that permits a first-time adopter within its scope to continue to account for regulatory deferral account balances in its first IFRS financial statements in accordance with its previous GAAP when it adopts IFRS. This standard will be effective for annual periods beginning on or after January 1, 2016 and will not affect our financial statements.

**5. Risk Management**

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

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

The amounts below show non-current assets and liabilities held for sale and discontinued operations reclassified during the period:

|                                                                                    | March 31, 2014<br>(unaudited) |                          | December 31, 2013 |              |
|------------------------------------------------------------------------------------|-------------------------------|--------------------------|-------------------|--------------|
|                                                                                    | Energy                        | General Cargo - Logistic | Energy            | Total        |
| <b>Assets held for sale and discontinued operation</b>                             |                               |                          |                   |              |
| Accounts receivable                                                                |                               | 141                      |                   | 141          |
| Other current assets                                                               |                               | 271                      |                   | 271          |
| Investment                                                                         | 89                            |                          | 79                | 79           |
| Intangible, net                                                                    |                               | 1,687                    |                   | 1,687        |
| Property, plant and equipment, net                                                 | 576                           | 1,027                    | 561               | 1,588        |
| <b>Total assets</b>                                                                | <b>665</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 with discontinued operation</b>                          | <b>665</b>                    | <b>2,678</b>             | <b>640</b>        | <b>3,318</b> |

In September 2013, Vale announced its intention to dispose the control over its subsidiary VLI S.A. ( VLI ), which aggregates all operations of General cargo logistic segment. As consequence, the General Cargo logistic segment was treated as discontinued operations and assets and liabilities were reclassified to non-current asset / liabilities held for sale.

As part of the disposal process in a first stage, we entered into agreements to transfer its 20% stock on VLI capital to Mitsui & Co. in the amount of US\$667 and 15.9% for Fundo de Garantia de Tempo de Serviço ( FGTS ) by amount US\$530. In a second stage we entered into agreement to transfer 26.5% to investment fund managed by Brookfield Asset Management by an amount of US\$884. The operation was subject to revision by the Brazilian Administrative Council for Economic Defense Agency ( Conselho Administrativo de Defesa Econômica or CADE ) which had approved the first stage of the transaction in March, 2014. The first stage was concluded in April 2014 (subsequent event).

Approximately US\$884 of the total amount of transaction will be contributed directly on the VLI.

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Since January 1, 2014, the investment in VLI is being treated as investment in associate (note 11).

### 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 it stakes of 9% over Norte Energia S.A.( Norte Energia ), company responsible for construction, operation and exploration of Hydroelectric facility of Belo Monte ( Belo Monte ), and (ii) Creation of a Joint venture Aliança Geração de Energia S/A ( Aliança ) to be constituted by Vale and CEMIG through contribution of their holdings within following power generation assets: Porto Estrela, Igarapava, Funil, Capim Branco I e 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 this new company and the supply of electricity to Vale operations, previously guaranteed by their own generation, will be secured by 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.

### 7. Cash and Cash Equivalents

|                        | March 31, 2014<br>(unaudited) | December 31, 2013 |
|------------------------|-------------------------------|-------------------|
| Cash and bank deposits | 2,062                         | 1,558             |
| Short-term investments | 5,120                         | 3,763             |
|                        | <b>7,182</b>                  | <b>5,321</b>      |

Cash and cash equivalents includes cash, demand deposits, and financial investments with an insignificant risk of changes in value, being in part Brazilian Reais indexed to the Brazilian Interbank Interest rate ( DI Rate or CDI ) and those denominated in US Dollars are mainly in time deposits, with the original maturities of less than three months.

Table of Contents**8. Accounts Receivables**

|                                              | March 31, 2014<br>(unaudited) | December 31, 2013 |
|----------------------------------------------|-------------------------------|-------------------|
| Denominated in BRL                           | 891                           | 509               |
| Denominated in other currencies, mainly US\$ | 3,325                         | 5,283             |
|                                              | <b>4,216</b>                  | <b>5,792</b>      |
| Allowance for doubtful accounts              | (113)                         | (89)              |
|                                              | <b>4,103</b>                  | <b>5,703</b>      |

Accounts receivables related to the steel sector represented 80.73% and 79.70% of total receivable as at March 31, 2014 and December 31, 2013, respectively.

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

The estimated losses for accounts receivable recorded in the Statement of Income as at March 31, 2014 and December 31, 2013 totaled US\$23 and US\$4, respectively. Write offs as at March 31, 2014 and 2013, totaled US\$2 and US\$7, respectively.

**9. Inventory**

Inventories are comprised as follows:

|                                | March 31, 2014<br>(unaudited) | December 31, 2013 |
|--------------------------------|-------------------------------|-------------------|
| <b>Inventories of products</b> |                               |                   |
| <b>Bulk Material</b>           |                               |                   |
| Iron ore                       | 1,061                         | 646               |
| Pellets                        | 82                            | 88                |
| Manganese and ferroalloys      | 100                           | 75                |
| Coal                           | 339                           | 318               |
|                                | <b>1,582</b>                  | <b>1,127</b>      |
| <b>Base Metals</b>             |                               |                   |
| Nickel and other products      | 1,469                         | 1,398             |
| Copper                         | 28                            | 23                |

|                                         |              |              |
|-----------------------------------------|--------------|--------------|
|                                         | <b>1,497</b> | <b>1,421</b> |
| <b>Fertilizers</b>                      |              |              |
| Potash                                  | 9            | 8            |
| Phosphates                              | 325          | 313          |
| Nitrogen                                | 21           | 19           |
|                                         | <b>355</b>   | <b>340</b>   |
| <b>Other products</b>                   | <b>12</b>    | <b>8</b>     |
| <b>Total of inventories of products</b> | <b>3,446</b> | <b>2,896</b> |
| <b>Materials supplies</b>               | <b>1,308</b> | <b>1,229</b> |
| <b>Total of inventories</b>             | <b>4,754</b> | <b>4,125</b> |

As at March 31, 2014 and December 31, 2013 inventory balances included a provision to adjust at market value of nickel, amounting to US\$0 and US\$14, respectively, manganese in the amount of US\$1 and US\$1, respectively, and coal in the amount of US\$131 and US\$117, respectively.

|                                                                  | Three-month period ended (unaudited) |                |
|------------------------------------------------------------------|--------------------------------------|----------------|
|                                                                  | March 31, 2014                       | March 31, 2013 |
| <b>Inventories of product</b>                                    |                                      |                |
| <b>Balance at beginning of the period</b>                        | <b>2,896</b>                         | <b>3,597</b>   |
| Production/acquisition                                           | 5,433                                | 4,803          |
| Transfer from materials supplies inventory                       | 810                                  | 949            |
| Sales                                                            | (5,590)                              | (5,404)        |
| Provision/ reversal of the write-off by inventory adjustment (a) | (132)                                | (123)          |
| Translation adjustments                                          | 29                                   | 41             |
| <b>Balance at ended of period</b>                                | <b>3,446</b>                         | <b>3,863</b>   |

(a) Include provision for adjustments to market value

|                                       | Three-month period ended (unaudited) |                |
|---------------------------------------|--------------------------------------|----------------|
|                                       | March 31, 2014                       | March 31, 2013 |
| <b>Materials supplies</b>             |                                      |                |
| <b>Balance at beginning of period</b> | <b>1,229</b>                         | <b>1,413</b>   |
| Acquisition                           | 872                                  | 987            |
| Transfer to use                       | (810)                                | (949)          |
| Translation adjustments               | 17                                   | 15             |
| <b>Balance at ended of period</b>     | <b>1,308</b>                         | <b>1,466</b>   |

Table of Contents**10. Recoverable Taxes**

|                                 | March 31, 2014<br>(unaudited) | December 31, 2013 |
|---------------------------------|-------------------------------|-------------------|
| Value-added tax                 | 1,197                         | 1,129             |
| Brazilian Federal Contributions | 674                           | 680               |
| Others                          | 50                            | 55                |
| <b>Total</b>                    | <b>1,921</b>                  | <b>1,864</b>      |
| Current                         | 1,632                         | 1,579             |
| Non-current                     | 289                           | 285               |
| <b>Total</b>                    | <b>1,921</b>                  | <b>1,864</b>      |

**11. Investments**

The movement of investments in associate and joint ventures are as follow:

|                                       | Three-month period ended (unaudited) |                |
|---------------------------------------|--------------------------------------|----------------|
|                                       | March 31, 2014                       | March 31, 2013 |
| <b>Balance at beginning of period</b> | <b>3,584</b>                         | <b>6,384</b>   |
| Additions                             | 121                                  | 182            |
| Transfer - Control acquisition        | 79                                   |                |
| Translation adjustment for the period | 121                                  | (108)          |
| Equity results                        | 195                                  | 172            |
| Equity other comprehensive income     | 2                                    | (201)          |
| Dividends declared                    | (42)                                 | (27)           |
| Transfers from held for sale (a)      | 1,255                                |                |
| <b>Balance at end of period</b>       | <b>5,315</b>                         | <b>6,402</b>   |

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

Table of Contents**Investments (Continued)**

|                                                                                                                                                                                                                                                                                                                                                                                                                                   | Location                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Relationship | % ownership | % voting capital | Investments<br>As of          |                   | Equity results (unaudited)<br>Three-month period ended |                | Received dividends (unaudited)<br>Three-month period ended |                |
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                                                                                                                                                                                                                                                                                                                                                                                                  |              |             |                  | March 31, 2014<br>(unaudited) | December 31, 2013 | March 31, 2014                                         | March 31, 2013 | March 31, 2014                                             | March 31, 2013 |
| <b>Bulk Material</b>                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    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| <b>Iron Ore and pellets</b>                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    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| Baovale Mineração S.A. - BAOVALE Companhia Nipo-Brasileira de Pelotização - NIBRASCO (c) Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS (c) Companhia Coreano-Brasileira de Pelotização - KOBRASCO Companhia Ítalo-Brasileira de Pelotização - ITABRASCO (c) MRS Logística S.A. (f) Minas da Serra Geral S.A. - MSG Samarco Mineração S.A. (d) Tecnored Desenvolvimento Tecnológico S.A. (b), (h) Zhuhai YPM Pellet Co | Brazil<br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><b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|              |             |                  |                               |                   |                                                        |                |                                                            |                |

Edgar Filing: Vale S.A. - Form 6-K

|                                                     |                      |       |       |              |              |             |            |           |
|-----------------------------------------------------|----------------------|-------|-------|--------------|--------------|-------------|------------|-----------|
| <b>Teal Minerals Incorporated</b>                   |                      |       |       |              |              |             |            |           |
| Zambia                                              | Associate            | 50.00 | 50.00 | 223          | 228          | (5)         | (3)        |           |
| <b>Nickel</b>                                       |                      |       |       |              |              |             |            |           |
| Korea Nickel Corp                                   | Korea Associate      | 25.00 | 25.00 | 20           | 22           | (1)         | (1)        |           |
| <b>Others</b>                                       |                      |       |       |              |              |             |            |           |
| <b>General Cargo Logistic</b>                       |                      |       |       |              |              |             |            |           |
| VLI S.A. (e)                                        | Brazil Associate     | 37.51 | 37.51 | 1,255        |              |             |            |           |
| <b>Bauxite</b>                                      |                      |       |       |              |              |             |            |           |
| Mineração Rio Grande do Norte S.A. - MRN            |                      |       |       |              |              |             |            |           |
| Brazil                                              | Associate            | 40.00 | 40.00 | 114          | 111          | 6           | 2          |           |
| <b>Steel</b>                                        |                      |       |       |              |              |             |            |           |
| California Steel Industries, INC                    | USA Joint Venture    | 50.00 | 50.00 | 184          | 181          | 2           | 6          |           |
| CSP- Companhia Siderúrgica do PECEN (g)             | Brazil Joint Venture | 50.00 | 50.00 | 825          | 686          | (3)         | (1)        |           |
| Thyssenkrupp CSA Companhia Siderúrgica do Atlântico | Brazil Associate     | 26.87 | 26.87 | 315          | 321          | (18)        | (7)        |           |
|                                                     |                      |       |       | <b>1,324</b> | <b>1,188</b> | <b>(19)</b> | <b>(2)</b> |           |
| <b>Other affiliates and joint ventures</b>          |                      |       |       |              |              |             |            |           |
| Norte Energia S.A.                                  | Brazil Joint Venture | 4.59  | 4.59  | 93           | 83           |             |            |           |
| LOG-IN - Logística Intermodal S/A (a)               | Brazil Associate     |       |       |              |              |             | 4          |           |
| Others                                              |                      |       |       | 207          | 90           | (15)        | (12)       |           |
|                                                     |                      |       |       | <b>300</b>   | <b>173</b>   | <b>(15)</b> | <b>(8)</b> |           |
|                                                     |                      |       |       | <b>5,315</b> | <b>3,584</b> | <b>195</b>  | <b>172</b> | <b>11</b> |

(a) Company sold in December 2013;

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

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

(d) Main data of Samarco in 2014: total Assets US\$6,272, Liabilities US\$3,976, Operational Result US\$334, Financial Result US\$103, Income tax US\$(92);

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

(f) Main data of MRS in 2014: Total Assets US\$2,931, Liabilities US\$1,719, Operational Result US\$58, Financial Result US\$(11), Income tax US\$(17);

(g)Pre-operational stage; and

(h)Consolidated since March 2014.



Table of Contents**12. Intangible Assets**

| Indefinite useful life       | March 31, 2014 (unaudited) |                |              | December 31, 2013 |                |              |
|------------------------------|----------------------------|----------------|--------------|-------------------|----------------|--------------|
|                              | Cost                       | Amortization   | Net          | Cost              | Amortization   | Net          |
| Goodwill                     | 4,176                      |                | 4,176        | 4,140             |                | 4,140        |
| <b>Finite useful life</b>    |                            |                |              |                   |                |              |
| Concession and subconcession | 3,393                      | (1,277)        | 2,116        | 3,099             | (1,192)        | 1,907        |
| Right of use                 | 323                        | (82)           | 241          | 328               | (75)           | 253          |
| Others                       | 1,344                      | (783)          | 561          | 1,295             | (724)          | 571          |
|                              | <b>5,060</b>               | <b>(2,142)</b> | <b>2,918</b> | <b>4,722</b>      | <b>(1,991)</b> | <b>2,731</b> |
| <b>Total</b>                 | <b>9,236</b>               | <b>(2,142)</b> | <b>7,094</b> | <b>8,862</b>      | <b>(1,991)</b> | <b>6,871</b> |

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

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

|                                                    | Goodwill     | Concessions and Subconcessions | Right to use | Others     | Total        |
|----------------------------------------------------|--------------|--------------------------------|--------------|------------|--------------|
| <b>Balance as at December 31, 2012</b>             | <b>4,603</b> | <b>3,757</b>                   | <b>302</b>   | <b>549</b> | <b>9,211</b> |
| Addition                                           |              | 125                            |              | 8          | 133          |
| Disposals                                          |              | (2)                            |              |            | (2)          |
| Amortization                                       |              | (46)                           | (5)          | (37)       | (88)         |
| Translation adjustments                            | (3)          | 44                             | (3)          | 7          | 45           |
| Net effect of discontinued operation in the period |              | 9                              |              |            | 9            |
| <b>Balance as at March 31, 2013 (unaudited)</b>    | <b>4,600</b> | <b>3,887</b>                   | <b>294</b>   | <b>527</b> | <b>9,308</b> |
| <b>Balance as at December 31, 2013</b>             | <b>4,140</b> | <b>1,907</b>                   | <b>253</b>   | <b>571</b> | <b>6,871</b> |
| Addition                                           |              | 184                            |              | 5          | 189          |
| Disposals                                          |              | (3)                            |              |            | (3)          |
| Amortization                                       |              | (45)                           | (7)          | (14)       | (66)         |
| Translation adjustments                            | 36           | 73                             | (5)          | (1)        | 103          |
| <b>Balance as at March 31, 2014 (unaudited)</b>    | <b>4,176</b> | <b>2,116</b>                   | <b>241</b>   | <b>561</b> | <b>7,094</b> |

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

|                          | March 31, 2014 (unaudited) |                          |               | December 31, 2013 |                          |               |
|--------------------------|----------------------------|--------------------------|---------------|-------------------|--------------------------|---------------|
|                          | Cost                       | Accumulated Depreciation | Net           | Cost              | Accumulated Depreciation | Net           |
| Land                     | 1,103                      |                          | 1,103         | 945               |                          | 945           |
| Buildings                | 10,422                     | (2,238)                  | 8,184         | 9,916             | (2,131)                  | 7,785         |
| Facilities               | 17,523                     | (5,009)                  | 12,514        | 15,659            | (4,722)                  | 10,937        |
| Computer equipment       | 680                        | (443)                    | 237           | 679               | (496)                    | 183           |
| Mineral properties       | 21,494                     | (5,296)                  | 16,198        | 21,603            | (5,327)                  | 16,276        |
| Other                    | 28,297                     | (9,008)                  | 19,289        | 27,149            | (8,409)                  | 18,740        |
| Construction in progress | 26,237                     |                          | 26,237        | 26,799            |                          | 26,799        |
|                          | <b>105,756</b>             | <b>(21,994)</b>          | <b>83,762</b> | <b>102,750</b>    | <b>(21,085)</b>          | <b>81,665</b> |

|                                                    | Land         | Building     | Facilities    | Computer equipment | Mineral properties | Other         | Constructions in progress | Total         |
|----------------------------------------------------|--------------|--------------|---------------|--------------------|--------------------|---------------|---------------------------|---------------|
| <b>Balance as at 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> |
| Addition (i)                                       |              |              |               |                    |                    |               | 3,326                     | 3,326         |
| Disposals                                          |              |              | (37)          | (1)                | (31)               | (1)           | (15)                      | (85)          |
| Depreciation and amortization                      |              | (61)         | (216)         | (20)               | (244)              | (614)         |                           | (1,155)       |
| Translation adjustments                            | 6            | 34           | 43            | 2                  | (578)              | (4)           | 167                       | (330)         |
| Transfers                                          | 184          | 318          | 208           | 13                 | (573)              | 817           | (967)                     |               |
| Net effect of discontinued operation in the period |              |              |               | (1)                |                    | 115           | (132)                     | (18)          |
| <b>Balance as at March 31, 2013 (unaudited)</b>    | <b>866</b>   | <b>6,384</b> | <b>11,754</b> | <b>369</b>         | <b>17,441</b>      | <b>18,491</b> | <b>31,315</b>             | <b>86,620</b> |
| <b>Balance as at 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> |
| Addition (i)                                       |              |              |               |                    |                    |               | 2,209                     | 2,209         |
| Disposals                                          |              | (10)         | (3)           | (2)                | (58)               | (32)          | (19)                      | (124)         |
| Depreciation and amortization                      |              | (76)         | (267)         | (14)               | (222)              | (475)         |                           | (1,054)       |
| Translation adjustments                            | 100          | 192          | 115           | 23                 | (98)               | 519           | 215                       | 1,066         |
| Transfers                                          | 58           | 293          | 1,732         | 47                 | 300                | 537           | (2,967)                   |               |
| <b>Balance as at March 31, 2014 (unaudited)</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> |

(i) The total amount of Capital Expenditures recognized as additions of construction in progress for the Three-month period ended of March 31, 2014 and March 31, 2013 correspond to US\$1,731 and US\$2,725, respectively.

The property, plant and equipment (net book value) given as guarantees for judicial claims at March 31, 2014 and December 31, 2013 correspond to US\$63 and US\$77, respectively.

In March 31, 2014, US\$1.2 billion refers to iron ore Project Guinea (Note 28d).

Table of Contents**14. Loans and Financing****a) Total debt**

|                                        | <b>Current liabilities</b> |                          | <b>Noncurrent liabilities</b> |                          |
|----------------------------------------|----------------------------|--------------------------|-------------------------------|--------------------------|
|                                        | <b>March 31, 2014</b>      | <b>December 31, 2013</b> | <b>March 31, 2014</b>         | <b>December 31, 2013</b> |
|                                        | <b>(unaudited)</b>         |                          | <b>(unaudited)</b>            |                          |
| <b>Debt contracts abroad</b>           |                            |                          |                               |                          |
| <b>Loans and financing in:</b>         |                            |                          |                               |                          |
| United States Dollars                  | 346                        | 334                      | 4,531                         | 4,662                    |
| Others currencies                      | 2                          | 2                        | 3                             | 3                        |
| <b>Fixed rates:</b>                    |                            |                          |                               |                          |
| Notes indexed in United States Dollars | 10                         | 12                       | 13,801                        | 13,808                   |
| Euro                                   |                            |                          | 2,066                         | 2,066                    |
| Accrued charges                        | 227                        | 350                      |                               |                          |
|                                        | <b>585</b>                 | <b>698</b>               | <b>20,401</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     | 802                        | 750                      | 5,104                         | 5,000                    |
| Basket of currencies, LIBOR            | 178                        | 175                      | 1,342                         | 1,365                    |
| Non-convertible debentures             |                            |                          | 847                           | 372                      |
| <b>Fixed rates:</b>                    |                            |                          |                               |                          |
| Loans in United States Dollars         | 6                          | 6                        | 78                            | 80                       |
| Loans in Reais                         | 51                         | 47                       | 313                           | 314                      |
| Accrued charges                        | 147                        | 99                       |                               |                          |
|                                        | <b>1,184</b>               | <b>1,077</b>             | <b>7,684</b>                  | <b>7,131</b>             |
|                                        | <b>1,769</b>               | <b>1,775</b>             | <b>28,085</b>                 | <b>27,670</b>            |

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

The long-term portion as at March 31, 2014 (unaudited) has maturities as follows:

|              | <b>(unaudited)</b> |
|--------------|--------------------|
| 2015         | 1,007              |
| 2016         | 1,985              |
| 2017         | 2,422              |
| 2018         | 4,075              |
| 2019 onwards | 18,596             |
|              | <b>28,085</b>      |

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As at March 31, 2014 (unaudited), the annual interest rates on the long-term debts were as follows:

|                 | (unaudited)   |
|-----------------|---------------|
| Up to 3%        | 3,436         |
| 3,1% to 5% (a)  | 8,798         |
| 5,1% to 7% (b)  | 12,540        |
| 7,1% to 9% (b)  | 1,147         |
| 9,1% to 11% (b) | 141           |
| Over 11% (b)    | 3,672         |
| Variable        | 120           |
|                 | <b>29,854</b> |

(a) Includes Eurobonds. For this operation 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 operations, we have entered into derivative transactions to mitigate our exposure to the floating rate debt denominated in Brazilian Real, totaling US\$6,608 of which US\$6,291 has an original interest rate above 5.1% per year. The average cost of debts not denominated in U.S. Dollars after entering derivatives transactions is 2.38% per year.

| Non-convertible Debentures         | As at March 31, 2014<br>(unaudited) |             |          |                   | March 31, 2014<br>(unaudited) | Balance<br>December 31, 2013 |
|------------------------------------|-------------------------------------|-------------|----------|-------------------|-------------------------------|------------------------------|
|                                    | Issued                              | Outstanding | Maturity | Interest          |                               |                              |
| Tranche B - Salobo                 |                                     |             | No date  | 6.5% p.a + IGP-DI | 401                           | 372                          |
| Infrastructure Debenture 1st serie | Feb/14                              | 600         | Jan/21   | 6,46%p.a+IPCA     | 270                           |                              |
| Infrastructure Debenture 2st serie | Feb/14                              | 150         | Jan/24   | 6,57%p.a+IPCA     | 67                            |                              |
| Infrastructure Debenture 3st serie | Feb/14                              | 100         | Jan/26   | 6,71%p.a+IPCA     | 45                            |                              |
| Infrastructure Debenture 4st serie | Feb/14                              | 150         | Jan/29   | 6,78%p.a+IPCA     | 67                            |                              |
|                                    |                                     |             |          |                   | <b>850</b>                    | <b>372</b>                   |
| Long-term portion                  |                                     |             |          |                   | 847                           | 372                          |
| Accrued charges                    |                                     |             |          |                   | 3                             |                              |
|                                    |                                     |             |          |                   | <b>850</b>                    | <b>372</b>                   |

Table of Contents**b) Funding**

On February 2014, Vale issued infrastructure debentures in the total amount of US\$442.

In April, 2014 (subsequent event), the BNDES approved a new financing of R\$6,2 billion (approx. US\$2,7 billion) to implement the iron ore project S11D and CLN S11D. The disbursement will occur within three years.

**c) Revolving credit lines**

| Type                                                                    | Contractual<br>Currency | Date of agreement | Available until | Total amount<br>available to be<br>drawn | Amounts drawn on<br>March 31, 2014<br>(unaudited) | December 31,<br>2013 |
|-------------------------------------------------------------------------|-------------------------|-------------------|-----------------|------------------------------------------|---------------------------------------------------|----------------------|
| <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                                    | 2,044                                             | 1,975                |
| <b>Loans</b>                                                            |                         |                   |                 |                                          |                                                   |                      |
| BNDES - CLN 150                                                         | R\$                     | September 2012(c) | 10 years        | 1,716                                    | 1,361                                             | 1,314                |
| BNDES - Investment<br>Sustenance Program ( PSI )<br>3.0%                | R\$                     | June 2013(d)      | 10 years        | 48                                       | 39                                                | 37                   |
| BNDES - Tecnored 3.5%                                                   | R\$                     | December 2013(e)  | 8 years         | 60                                       |                                                   |                      |
| Canadian agency Export<br>Development Canada ( EDC )                    | US\$                    | January 2014(f)   | 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 Tecored's investment plan from 2013 to 2015.

(f) General corporate purpose.

The currency of total amount available and disbursed different from reporting currency is affected by exchange rate variation among periods.

**d) Guarantee**

On March 31, 2014 (unaudited), US\$1,371 of the total aggregate outstanding debt was secured by property, plant and equipment and receivables.

**15. Asset retirement obligation**

The Company uses various judgments and assumptions when measuring its obligations related to the retirement of assets. The accrued amounts of these obligations are not deducted from the potential costs covered by insurance or indemnities, because their recovery is considered uncertain.

Long term interest rates used to discount these obligations to their present values and to update the provisions as at March 31, 2014 and December 31, 2013 were 5.03% p.a. The liability is periodically updated based on these discount rates plus the inflation index (IGPM) for the period.

The changes in the provision for asset retirement obligation are as follows:

|                                        | March 31, 2014<br>(unaudited) | December 31, 2013 |
|----------------------------------------|-------------------------------|-------------------|
| <b>Balance at beginning of period</b>  | <b>2,644</b>                  | <b>2,748</b>      |
| Increase expense (i)                   | 68                            | 201               |
| Settlement in the current period       | (4)                           | (40)              |
| Revisions in estimated cash flows      | 52                            | 15                |
| Translation adjustments for the period | 33                            | (276)             |
| Transfer to held for sale              |                               | (4)               |
| <b>Balance at end of period</b>        | <b>2,793</b>                  | <b>2,644</b>      |
| Current                                | 161                           | 96                |
| Non-current                            | 2,632                         | 2,548             |
|                                        | <b>2,793</b>                  | <b>2,644</b>      |

(i) US\$50 for the first quarter of 2013.



Table of Contents**16. Provision for litigation**

Vale is a 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 the legal advice of the legal board of the Company and by its legal consultants.

|                                                  | <b>Tax litigation</b> | <b>Civil litigation</b> | <b>Labor litigation</b> | <b>Environmental litigation</b> | <b>Total of litigation provision</b> |
|--------------------------------------------------|-----------------------|-------------------------|-------------------------|---------------------------------|--------------------------------------|
| <b>Balance as of December 31, 2012</b>           | <b>996</b>            | <b>287</b>              | <b>748</b>              | <b>34</b>                       | <b>2,065</b>                         |
| Additions                                        | 14                    | 6                       | 54                      | 3                               | 77                                   |
| Reversals                                        | (22)                  | (20)                    | (25)                    |                                 | (67)                                 |
| Payments                                         | (223)                 | (23)                    | (27)                    |                                 | (273)                                |
| Indexation and interest                          | (52)                  | 3                       | 10                      | 1                               | (38)                                 |
| Translation adjustment                           | 10                    | 3                       | 9                       |                                 | 22                                   |
| Transfer from discontinued operations            |                       | 1                       | (2)                     |                                 | (1)                                  |
| <b>Balance as of March 31, 2013 (unaudited)</b>  | <b>723</b>            | <b>257</b>              | <b>767</b>              | <b>38</b>                       | <b>1,785</b>                         |
| <b>Balance as of December 31, 2013</b>           | <b>330</b>            | <b>209</b>              | <b>709</b>              | <b>28</b>                       | <b>1,276</b>                         |
| Additions                                        | 40                    | 9                       | 53                      | 18                              | 120                                  |
| Reversals                                        | (27)                  | (9)                     | (24)                    | (4)                             | (64)                                 |
| Payments                                         | (1)                   | (3)                     | (6)                     |                                 | (10)                                 |
| Indexation and interest / Translation adjustment | (4)                   | 2                       | 6                       | (3)                             | 1                                    |
| Translation adjustment                           | 10                    | 8                       | 29                      | 3                               | 50                                   |
| <b>Balance as of March 31, 2014 (unaudited)</b>  | <b>348</b>            | <b>216</b>              | <b>767</b>              | <b>42</b>                       | <b>1,373</b>                         |

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

**Provisions for civil litigation** - They are related to the demands that involve contracts between Vale and unrelated companies with their service providers, requiring differences in values due to alleged losses that have occurred due to various economic plans, other demands are related to accidents, actions damages and still others related to monetary compensation in action vindicatory.

**Provisions for labor and social security litigation** - Consist of lawsuits filed by employees and service providers, from employment relationship. The most recurring claims are payment of overtime, hours in itinere, and health and safety. The social security contingencies are from legal and administrative disputes between the INSS and the Vale companies, relating to compulsory social security or not.

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In addition to those provisions, there are judicial deposits. These court-ordered deposits are accruing interest and are reported in noncurrent assets. Judicial deposits are as follows:

|                           | March 31, 2014<br>(unaudited) | December 31, 2013 |
|---------------------------|-------------------------------|-------------------|
| Tax litigations           | 384                           | 433               |
| Civil litigations         | 220                           | 176               |
| Labor litigations         | 936                           | 870               |
| Environmental litigations | 12                            | 11                |
| <b>Total</b>              | <b>1,552</b>                  | <b>1,490</b>      |

The Company is challenging 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.

These possible contingent liabilities are split between tax, civil, labor and social security, and are as follows:

|                          | March 31, 2014<br>(unaudited) | December 31, 2013 |
|--------------------------|-------------------------------|-------------------|
| Tax litigation           | 3,091                         | 3,789             |
| Civil litigation         | 1,108                         | 1,219             |
| Labor litigation         | 1,537                         | 2,271             |
| Environmental litigation | 1,270                         | 1,343             |
| <b>Total</b>             | <b>7,006</b>                  | <b>8,622</b>      |

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

Table of Contents**17. Income Taxes Settlement Program ( REFIS )**

In November 2013, The Company elected to participate in the 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.

In March 31, 2014, the amount of US\$7,272 will be paid in 175 monthly installments, bearing interest at the selic rate.

**18. Deferred Income Taxes**

We analyze the potential tax impact associated with undistributed earnings of each 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\$24,150 on March 31, 2014. As described in Note 20, in 2013 we entered in the Brazilian REFIS program to pay the amounts relating 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:

|                                                     | Assets       | Liabilities  | Total        |
|-----------------------------------------------------|--------------|--------------|--------------|
| <b>Balance as at December 31, 2012</b>              | <b>4,058</b> | <b>3,386</b> | <b>672</b>   |
| Net income effect                                   | 156          | (12)         | 168          |
| Translation adjustment for the period               | 13           | 110          | (97)         |
| Other comprehensive income                          | 23           | 21           | 2            |
| Net effect of discontinued operations of the period |              | (1)          | 1            |
| <b>Balance as at March 31, 2013 (unaudited)</b>     | <b>4,250</b> | <b>3,504</b> | <b>746</b>   |
| <b>Balance as at December 31, 2013</b>              | <b>4,523</b> | <b>3,228</b> | <b>1,295</b> |
| Net income effect                                   | (28)         | 33           | (61)         |
| Translation adjustment for the period               | 186          | (60)         | 246          |
| Other comprehensive income                          | 9            | 9            |              |
| <b>Balance as at March 31, 2014 (unaudited)</b>     | <b>4,690</b> | <b>3,210</b> | <b>1,480</b> |

The deferred assets arising from tax losses, negative social contribution and temporary differences are recognized in the accounts, taking into consideration the analysis of future performance, based on economic and financial projections, prepared based on assumptions internal and

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macroeconomic, trade and tax scenarios that may suffer changes in the future.

The income tax in Brazil comprises the taxation on income and social contribution on profit. The composite 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.

The total amount presented as income taxes results in the financial statements is reconciled with the rates established by law, as follows:

|                                                                                                   | Three-month period ended (unaudited) |                |
|---------------------------------------------------------------------------------------------------|--------------------------------------|----------------|
|                                                                                                   | March 31, 2014                       | March 31, 2013 |
| <b>Net income before income taxes</b>                                                             | <b>3,365</b>                         | <b>4,035</b>   |
| <b>Income taxes at statutory rates - 34%</b>                                                      | <b>(1,144)</b>                       | <b>(1,372)</b> |
| <b>Adjustments that affects the basis of taxes:</b>                                               |                                      |                |
| Income tax benefit from interest on stockholders' equity                                          | 279                                  | 314            |
| Tax incentive                                                                                     | 133                                  | 130            |
| Results of overseas companies taxed by different rates which differs from the parent company rate | (282)                                | 80             |
| Results of equity investments                                                                     | 66                                   | 58             |
| Constitution/reversal for tax loss carryforward                                                   | 7                                    | (32)           |
| Other                                                                                             | (48)                                 | (105)          |
| <b>Income taxes on the profit for the period</b>                                                  | <b>(989)</b>                         | <b>(927)</b>   |

Table of Contents**19. Employee Benefits Obligations**

In its 2013 financial statements the Company had announced that it expects to contribute US\$354 to its pension plan in 2014. Through March 31, 2014 it had contributed US\$91. No significant changes are expected in relation to the estimative disclosed in December 31, 2013 financial statement.

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

|                                                                      | March 31, 2014 (unaudited)  |                              |                                       | Total<br>December 31, 2013  |                              |                                       |
|----------------------------------------------------------------------|-----------------------------|------------------------------|---------------------------------------|-----------------------------|------------------------------|---------------------------------------|
|                                                                      | Overfunded<br>pension plans | Underfunded<br>pension plans | Other<br>underfunded<br>pension plans | Overfunded<br>pension plans | Underfunded<br>pension plans | Other<br>underfunded<br>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                       | 33                          |                              |                                       | 422                         |                              |                                       |
| Effect of exchange rate<br>changes                                   | 43                          |                              |                                       | (146)                       |                              |                                       |
| <b>Ended of the period</b>                                           | <b>1,267</b>                |                              |                                       | <b>1,191</b>                |                              |                                       |
| <b>Amount recognized in the balance sheet</b>                        |                             |                              |                                       |                             |                              |                                       |
| Present value of actuarial liabilities                               | (4,282)                     | (4,333)                      | (1,698)                               | (4,080)                     | (4,406)                      | (1,693)                               |
| Fair value of assets                                                 | 5,549                       | 3,849                        |                                       | 5,271                       | 3,804                        |                                       |
| Effect of the asset ceiling                                          | (1,267)                     |                              |                                       | (1,191)                     |                              |                                       |
| <b>Assets (liabilities) to be provisioned</b>                        |                             | <b>(484)</b>                 | <b>(1,698)</b>                        |                             | <b>(602)</b>                 | <b>(1,693)</b>                        |
| Current liabilities                                                  |                             | (9)                          | (87)                                  |                             | (9)                          | (88)                                  |
| Non-current liabilities                                              |                             | (475)                        | (1,611)                               |                             | (593)                        | (1,605)                               |
| <b>Assets (liabilities) to be provisioned</b>                        |                             | <b>(484)</b>                 | <b>(1,698)</b>                        |                             | <b>(602)</b>                 | <b>(1,693)</b>                        |

**Costs recognized in the income statements for the period:**

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|                                   | Three-month period ended (unaudited) |                           |                                 |                          |                           |                                 |
|-----------------------------------|--------------------------------------|---------------------------|---------------------------------|--------------------------|---------------------------|---------------------------------|
|                                   | March 31, 2014                       |                           |                                 |                          | March 31, 2013            |                                 |
|                                   | Overfunded pension plans             | Underfunded pension plans | Other underfunded pension plans | Overfunded pension plans | Underfunded pension plans | Other underfunded pension plans |
| Current service cost              | 7                                    | 15                        | 8                               |                          | 33                        | 11                              |
| Interest on actuarial liabilities | 118                                  | 52                        | 23                              | 80                       | 91                        | 26                              |
| Interest income on plan assets    | (120)                                | (38)                      |                                 | (98)                     | (90)                      |                                 |
| Effect of the asset ceiling       |                                      |                           |                                 | 18                       |                           |                                 |
| <b>Total of cost, net</b>         | <b>5</b>                             | <b>29</b>                 | <b>31</b>                       |                          | <b>34</b>                 | <b>37</b>                       |

Costs recognized in the statement of comprehensive income for the period

|                                                                          | Three-month period ended (unaudited) |                           |                                 |                          |                           |                                 |
|--------------------------------------------------------------------------|--------------------------------------|---------------------------|---------------------------------|--------------------------|---------------------------|---------------------------------|
|                                                                          | March 31, 2014                       |                           |                                 |                          | March 31, 2013            |                                 |
|                                                                          | Overfunded pension plans             | Underfunded pension plans | Other underfunded pension plans | Overfunded pension plans | Underfunded pension plans | Other 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)                        | (18)                                 | 49                        |                                 | 207                      | 28                        |                                 |
| Change of asset ceiling / costly liabilities (excluding interest income) | (8)                                  |                           |                                 | (207)                    |                           |                                 |
|                                                                          | <b>(26)</b>                          | <b>49</b>                 |                                 |                          | <b>28</b>                 |                                 |
| Deferred income tax                                                      | 9                                    | (11)                      |                                 |                          | (3)                       |                                 |
| <b>Others comprehensive income</b>                                       | <b>(17)</b>                          | <b>38</b>                 |                                 |                          | <b>25</b>                 |                                 |
| Effect of conversion                                                     | (4)                                  | 1                         | (2)                             |                          | (4)                       | (2)                             |
| <b>Accumulated other comprehensive income</b>                            | <b>(115)</b>                         | <b>(356)</b>              | <b>(198)</b>                    | <b>(3)</b>               | <b>(943)</b>              | <b>(383)</b>                    |

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

The Company, 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 of indicators for the, performance of the Company, Business Unit, Team and individual. The contribution of each performance unit to the performance scores of employees is discussed and agreed each year, between the Company and the unions representing the employees.

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

|                                          | Three-month period ended (unaudited) |                |
|------------------------------------------|--------------------------------------|----------------|
|                                          | March 31, 2014                       | March 31, 2013 |
| Operational expenses                     | 40                                   | 60             |
| Cost of goods sold and services rendered | 91                                   | 96             |
| <b>Total</b>                             | <b>131</b>                           | <b>156</b>     |

**b) 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 the financial statements of December 31, 2013. The total number of shares subject to the Long Term Compensation Plan on March 31, 2014 and December 31, 2013 are 4,427,375 and 6,214,288, and total liability recorded of US\$86 and US\$84, respectively.

**20. Classification of financial instruments**

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

| Loans and receivables<br>(a) | March 31, 2014 (unaudited)                  |                                        | Available for sale | Total |
|------------------------------|---------------------------------------------|----------------------------------------|--------------------|-------|
|                              | At fair value through<br>profit or loss (b) | Derivatives designated<br>as hedge (c) |                    |       |

|                                  |               |              |           |               |
|----------------------------------|---------------|--------------|-----------|---------------|
| <b>Financial assets</b>          |               |              |           |               |
| <b>Current</b>                   |               |              |           |               |
| Cash and cash equivalents        | 7,182         |              |           | 7,182         |
| Derivative financial instruments |               | 185          | 1         | 186           |
| Accounts receivable              | 4,103         |              |           | 4,103         |
| Related parties                  | 719           |              |           | 719           |
|                                  | <b>12,004</b> | <b>185</b>   | <b>1</b>  | <b>12,190</b> |
| <b>Non-current</b>               |               |              |           |               |
| Related parties                  | 115           |              |           | 115           |
| Loans and financing agreements   | 261           |              |           | 261           |
| Derivative financial instruments |               | 169          |           | 169           |
| Others                           |               |              |           | 5             |
|                                  | <b>376</b>    | <b>169</b>   | <b>5</b>  | <b>550</b>    |
| <b>Total of Assets</b>           | <b>12,380</b> | <b>354</b>   | <b>1</b>  | <b>12,740</b> |
| <b>Financial liabilities</b>     |               |              |           |               |
| <b>Current</b>                   |               |              |           |               |
| Suppliers and contractors        | 3,473         |              |           | 3,473         |
| Derivative financial instruments |               | 435          | 55        | 490           |
| Loans and financing              | 1,769         |              |           | 1,769         |
| Related parties                  | 328           |              |           | 328           |
|                                  | <b>5,570</b>  | <b>435</b>   | <b>55</b> | <b>6,060</b>  |
| <b>Non-current</b>               |               |              |           |               |
| Derivative financial instruments |               | 1,109        | 13        | 1,122         |
| Loans and financing              | 28,085        |              |           | 28,085        |
| Related parties                  | 164           |              |           | 164           |
| Stockholders' Debentures         |               | 1,860        |           | 1,860         |
|                                  | <b>28,249</b> | <b>2,969</b> | <b>13</b> | <b>31,231</b> |
| <b>Total of Liabilities</b>      | <b>33,819</b> | <b>3,404</b> | <b>68</b> | <b>37,291</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 22a.

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|                                     | 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<br>instruments |                              | 196                                         | 5                                      |                    | 201           |
| Accounts receivable                 | 5,703                        |                                             |                                        |                    | 5,703         |
| Related parties                     | 261                          |                                             |                                        |                    | 261           |
|                                     | <b>11,285</b>                | <b>196</b>                                  | <b>5</b>                               |                    | <b>11,486</b> |
| <b>Non-current</b>                  |                              |                                             |                                        |                    |               |
| Related parties                     | 108                          |                                             |                                        |                    | 108           |
| Loans and financing<br>agreements   | 241                          |                                             |                                        |                    | 241           |
| Derivative financial<br>instruments |                              | 140                                         |                                        |                    | 140           |
| Other                               |                              |                                             |                                        | 5                  | 5             |
|                                     | <b>349</b>                   | <b>140</b>                                  |                                        | <b>5</b>           | <b>494</b>    |
| <b>Total of Assets</b>              | <b>11,634</b>                | <b>336</b>                                  | <b>5</b>                               | <b>5</b>           | <b>11,980</b> |
| <b>Financial liabilities</b>        |                              |                                             |                                        |                    |               |
| <b>Current</b>                      |                              |                                             |                                        |                    |               |
| Suppliers and contractors           | 3,772                        |                                             |                                        |                    | 3,772         |
| Derivative financial<br>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<br>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> |

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

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

(c) See Note 22a.

Table of Contents**21. Fair Value Estimative**

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

The tables below present the assets and liabilities of measured at fair value as follow:

|                                                  | March 31, 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 | 185                                       | 196                              |
| Derivatives designated as hedges                 | 1                                         | 5                                |
|                                                  | <b>186</b>                                | <b>201</b>                       |
| <b>Non-Current</b>                               |                                           |                                  |
| Derivatives at fair value through profit or loss | 169                                       | 140                              |
|                                                  | <b>169</b>                                | <b>140</b>                       |
| <b>Total of Assets</b>                           | <b>355</b>                                | <b>341</b>                       |
| <b>Financial Liabilities</b>                     |                                           |                                  |
| <b>Current</b>                                   |                                           |                                  |
| Derivatives at fair value through profit or loss | 435                                       | 199                              |
| Derivatives designated as hedges                 | 55                                        | 39                               |
|                                                  | <b>490</b>                                | <b>238</b>                       |
| <b>Non-Current</b>                               |                                           |                                  |
| Derivatives at fair value through profit or loss | 1,109                                     | 1,480                            |
| Derivatives designated as hedges                 | 13                                        | 12                               |
| Stockholders debentures                          | 1,860                                     | 1,775                            |
|                                                  | <b>2,982</b>                              | <b>3,267</b>                     |
| <b>Total of Liabilities</b>                      | <b>3,472</b>                              | <b>3,505</b>                     |

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

**Fair value measurement compared to book value**

For the loans allocated to Level 1, the evaluation method used to estimate the fair value of debt is the market approach to the contracts listed on the secondary market. For the loans allocated Level 2, the fair value for both fixed-indexed rate debt and floating rate is determined from the

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discounted cash flow using the future values of the LIBOR rate 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 | March 31, 2014 (unaudited) |         |         |
|------------------------------|---------|----------------------------|---------|---------|
|                              |         | Fair value (ii)            | Level 1 | Level 2 |
| <b>Financial liabilities</b> |         |                            |         |         |
| Loans (long term) (i)        | 29,480  | 31,235                     | 17,181  | 14,054  |

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(i) Net interest of US\$374

(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.

Table of Contents**22. Derivatives financials instruments****a) Derivatives effects on balance sheet**

|                                                  | March 31, 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 | 162                        |             | 174               |             |
| IPCA swap                                        | 4                          | 3           |                   |             |
| Eurobonds swap                                   |                            | 118         | 13                | 101         |
| Pre dollar swap                                  | 5                          |             | 5                 |             |
|                                                  | <b>171</b>                 | <b>121</b>  | <b>192</b>        | <b>101</b>  |
| <b>Commodities price risk</b>                    |                            |             |                   |             |
| Nickel fixed price program                       | 11                         | 1           | 4                 |             |
| Bunker oil                                       | 3                          |             |                   |             |
|                                                  | <b>14</b>                  | <b>1</b>    | <b>4</b>          |             |
| <b>Warrants</b>                                  |                            |             |                   |             |
| SLW options (Note 27)                            |                            | 47          |                   | 39          |
|                                                  |                            | <b>47</b>   |                   | <b>39</b>   |
| <b>Derivatives designated as hedge</b>           |                            |             |                   |             |
| Bunker Oil Hedge                                 | 1                          |             | 5                 |             |
|                                                  | <b>1</b>                   |             | <b>5</b>          |             |
| <b>Total</b>                                     | <b>186</b>                 | <b>169</b>  | <b>201</b>        | <b>140</b>  |

|                                                  | March 31, 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 | 420                        | 995          | 185               | 1,369        |
| Eurobonds swap                                   | 3                          | 7            | 1                 |              |
| Pre dollar swap                                  |                            | 105          | 1                 | 110          |
|                                                  | <b>423</b>                 | <b>1,107</b> | <b>187</b>        | <b>1,479</b> |
| <b>Commodities price risk</b>                    |                            |              |                   |              |
| Nickel fixed price program                       | 11                         |              | 3                 |              |
| Bunker oil                                       |                            |              | 9                 |              |
|                                                  | <b>11</b>                  |              | <b>12</b>         |              |
| <b>Embedded derivatives</b>                      |                            |              |                   |              |
| Gas Oman                                         | 1                          | 2            |                   | 1            |

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|                                        | 1          | 2            |            | 1            |
|----------------------------------------|------------|--------------|------------|--------------|
| <b>Derivatives designated as hedge</b> |            |              |            |              |
| Bunker oil hedge                       | 16         |              | 12         |              |
| Foreign exchange cash flow hedge       | 39         | 13           | 27         | 12           |
|                                        | <b>55</b>  | <b>13</b>    | <b>39</b>  | <b>12</b>    |
| <b>Total</b>                           | <b>490</b> | <b>1,122</b> | <b>238</b> | <b>1,492</b> |

Table of Contents**b) Effects of derivatives in the statement of income, cash flow and other comprehensive income**

|                                                  | Amount of gain or(loss) recognized as<br>financial income (expense) |                | Three-month period ended (unaudited)<br>Financial settlement (inflows)/<br>Outflows |                | Amount of gain or (loss) recognized in<br>OCI |                |
|--------------------------------------------------|---------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------|----------------|-----------------------------------------------|----------------|
|                                                  | March 31, 2014                                                      | March 31, 2013 | March 31, 2014                                                                      | March 31, 2013 | March 31, 2014                                | March 31, 2013 |
| <b>Derivatives not designated as hedge</b>       |                                                                     |                |                                                                                     |                |                                               |                |
| <b>Foreign exchange and interest rate risk</b>   |                                                                     |                |                                                                                     |                |                                               |                |
| CDI & TJLP vs. US\$ fixed and floating rate swap | 194                                                                 | 142            | (28)                                                                                | (82)           |                                               |                |
| IPCA swap                                        | 7                                                                   |                |                                                                                     |                |                                               |                |
| Eurobonds swap                                   | 6                                                                   | (40)           | (10)                                                                                | 5              |                                               |                |
| Pre dollar swap                                  | 11                                                                  | 8              | (2)                                                                                 | (5)            |                                               |                |
|                                                  | <b>218</b>                                                          | <b>110</b>     | <b>(40)</b>                                                                         | <b>(82)</b>    |                                               |                |
| <b>Commodities price risk</b>                    |                                                                     |                |                                                                                     |                |                                               |                |
| Nickel fixed price program                       | (1)                                                                 | 1              | (1)                                                                                 | 3              |                                               |                |
| Bunker oil                                       | 3                                                                   | (15)           | 8                                                                                   | (1)            |                                               |                |
|                                                  | <b>2</b>                                                            | <b>(14)</b>    | <b>7</b>                                                                            | <b>2</b>       |                                               |                |
| <b>Warrants</b>                                  |                                                                     |                |                                                                                     |                |                                               |                |
| SLW options (Note 27)                            | 8                                                                   | (7)            |                                                                                     |                |                                               |                |
|                                                  | <b>8</b>                                                            | <b>(7)</b>     |                                                                                     |                |                                               |                |
| <b>Derivatives designated as hedge</b>           |                                                                     |                |                                                                                     |                |                                               |                |
| Bunker Oil Hedge                                 | (3)                                                                 |                | 3                                                                                   |                | (8)                                           | (13)           |
| Strategic nickel                                 |                                                                     | 13             |                                                                                     | (13)           |                                               | (13)           |
| Foreign exchange cash flow hedge                 | (13)                                                                | 4              | 13                                                                                  | (4)            | (9)                                           | (14)           |
|                                                  | <b>(16)</b>                                                         | <b>17</b>      | <b>16</b>                                                                           | <b>(17)</b>    | <b>(17)</b>                                   | <b>(40)</b>    |
| <b>Total</b>                                     | <b>212</b>                                                          | <b>106</b>     | <b>(17)</b>                                                                         | <b>(97)</b>    | <b>(17)</b>                                   | <b>(40)</b>    |

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

|                                    | <b>Maturities dates</b> |
|------------------------------------|-------------------------|
| Currencies/ Interest Rates (LIBOR) | July 2023               |
| Gas                                | April 2016              |
| Nickel                             | November 2015           |
| Copper                             | June 2014               |
| Warrants                           | February 2023           |
| Bunker Oil                         | December 2014           |

**Additional information about derivatives financial instruments**

**Value at Risk computation methodology**

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

**Contracts subjected to margin calls**

Vale has contracts subject to margin calls only for part of nickel trades executed by its wholly-owned subsidiary Vale Canada Ltd. There was not cash amount subject to margin calls on March 31, 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 March 31, 2014, the derivatives positions for Vale and controlled companies with the following information: notional amount, fair value (considering counterparty (credit) risk)(1), value at risk, gains or losses in the period and the fair value for the remaining years of the operations per each group of instruments.

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(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 (CPC 46).

Table of Contents**Foreign Exchange and Interest Rates Derivative Positions****Protection program for the Real denominated debt indexed to CDI**

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

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

|                              | Notional (\$ million) |                   |        |              |  |                | Fair value        |                | Realized Gain/Loss | Value at Risk | US\$ Million |       |      |      |
|------------------------------|-----------------------|-------------------|--------|--------------|--|----------------|-------------------|----------------|--------------------|---------------|--------------|-------|------|------|
| Flow                         | March 31, 2014        | December 31, 2013 | Index  | Average rate |  | March 31, 2014 | December 31, 2013 | March 31, 2014 | March 31, 2014     |               | 2014         | 2015  | 2016 | 2017 |
| CDI vs. fixed rate swap      |                       |                   |        |              |  |                |                   |                |                    |               |              |       |      |      |
| Receivable                   | R\$ 5,596             | R\$ 5,096         | CDI    | 108.35%      |  | 2,619          | 2,391             | 28             |                    |               |              |       |      |      |
| Payable                      | US\$ 2,816            | US\$ 2,603        | US\$ + | 3.71%        |  | (2,944)        | (2,799)           | (19)           |                    |               |              |       |      |      |
| Net                          |                       |                   |        |              |  | (326)          | (408)             | 9              | 35                 | 71            | (93)         | (248) | (56) |      |
| Adjusted Net for credit risk |                       |                   |        |              |  |                |                   |                |                    |               |              |       |      |      |
|                              |                       |                   |        |              |  | (329)          | (411)             |                |                    | 71            | (94)         | (250) | (56) |      |
| CDI vs. floating rate swap   |                       |                   |        |              |  |                |                   |                |                    |               |              |       |      |      |
| Receivable                   | R\$ 428               | R\$ 428           | CDI    | 103.50%      |  | 193            | 190               | 9              |                    |               |              |       |      |      |
| Payable                      |                       |                   | Libor  |              |  |                |                   |                |                    |               |              |       |      |      |
|                              | US\$ 250              | US\$ 250          | +      | 0.99%        |  | (253)          | (254)             | (2)            |                    |               |              |       |      |      |
| Net                          |                       |                   |        |              |  | (60)           | (64)              | 7              | 3                  | 8             | (68)         |       |      |      |
| Adjusted Net for credit risk |                       |                   |        |              |  |                |                   |                |                    |               |              |       |      |      |
|                              |                       |                   |        |              |  | (60)           | (64)              |                |                    | 8             | (68)         |       |      |      |

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

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

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

- TJLP vs. USD fixed rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to convert the cash flows of the loans with Banco Nacional de Desenvolvimento Econômico e Social (BNDES) from TJLP(2) to U.S. Dollars. In those swaps, Vale pays fixed rates in U.S. Dollars and receives payments linked to TJLP.

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

|                                  | Notional (\$ million) |                   |         |         | Average        | Fair value        |                | Realized Gain/Loss | Value at Risk | US\$ Million |       |            |  |
|----------------------------------|-----------------------|-------------------|---------|---------|----------------|-------------------|----------------|--------------------|---------------|--------------|-------|------------|--|
| Flow                             | March 31, 2014        | December 31, 2013 | Index   | rate    | March 31, 2014 | December 31, 2013 | March 31, 2014 | March 31, 2014     | 2014          | 2015         | 2016  | 2017- 2023 |  |
| Swap TJLP vs. fixed rate swap    |                       |                   |         |         |                |                   |                |                    |               |              |       |            |  |
| Receivable                       | R\$ 6,351             | R\$ 6,456         | TJLP +  | 1.37%   | 2,460          | 2,401             | 85             |                    |               |              |       |            |  |
| Payable                          | US\$ 3,230            | US\$ 3,310        | USD +   | 1.99%   | (3,187)        | (3,172)           | (72)           |                    |               |              |       |            |  |
| Net                              |                       |                   |         |         | (727)          | (771)             | 14             | 114                | (16)          | (57)         | (115) | (538)      |  |
| Adjusted Net for credit risk     |                       |                   |         |         | (769)          | (803)             |                |                    | (16)          | (58)         | (117) | (578)      |  |
| Swap TJLP vs. floating rate swap |                       |                   |         |         |                |                   |                |                    |               |              |       |            |  |
| Receivable                       | R\$ 613               | R\$ 615           | TJLP +  | 0.89%   | 236            | 224               | 1              |                    |               |              |       |            |  |
| Payable                          | US\$ 349              | US\$ 350          | Libor + | - 1.15% | (330)          | (324)             | (1)            |                    |               |              |       |            |  |
| Net                              |                       |                   |         |         | (94)           | (100)             | 0              | 9                  | (35)          | 2            | (2)   | (59)       |  |
| Adjusted Net for credit risk     |                       |                   |         |         | (95)           | (102)             |                |                    | (35)          | 2            | (2)   | (60)       |  |

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

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



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

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

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

|                                         |                          |                   |            |                   |              |                |                   |                    |                | US\$ Million       |      |      |             |  |
|-----------------------------------------|--------------------------|-------------------|------------|-------------------|--------------|----------------|-------------------|--------------------|----------------|--------------------|------|------|-------------|--|
| Flow                                    | Notional<br>(\$ million) |                   |            |                   |              | Fair value     |                   | Realized Gain/Loss | Value at Risk  | Fair value by year |      |      |             |  |
|                                         | March 2014               | December 31, 2013 | March 2014 | December 31, 2013 | Average rate | March 31, 2014 | December 31, 2013 | March 31, 2014     | March 31, 2014 | 2014               | 2015 | 2016 | 2017 - 2023 |  |
| R\$ fixed rate vs. US\$ fixed rate swap |                          |                   |            |                   |              |                |                   |                    |                |                    |      |      |             |  |
| Receivable                              | R\$ 821                  | R\$ 824           | Fix        |                   | 4.49%        | 312            | 309               | 15                 |                |                    |      |      |             |  |
| Payable                                 | US\$ 442                 | US\$ 446          | US\$ -     |                   | -1.14%       | (408)          | (411)             | (13)               |                |                    |      |      |             |  |
| Net                                     |                          |                   |            |                   |              | (97)           | (102)             | 2                  | 10             | 4                  | (20) | (60) | (21)        |  |
| Adjusted                                |                          |                   |            |                   |              |                |                   |                    |                |                    |      |      |             |  |
| Net for credit risk                     |                          |                   |            |                   |              | (101)          | (106)             |                    |                | 4                  | (21) | (61) | (23)        |  |

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

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

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

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

|                               |                |                   |        |              |                |                   |                    |                |                    | US\$ Million |      |             |
|-------------------------------|----------------|-------------------|--------|--------------|----------------|-------------------|--------------------|----------------|--------------------|--------------|------|-------------|
| Notional (\$ million)         |                |                   |        |              | Fair value     |                   | Realized Gain/Loss | Value at Risk  | Fair value by year |              |      |             |
| Flow                          | March 31, 2014 | December 31, 2013 | Index  | Average rate | March 31, 2014 | December 31, 2013 | March 31, 2014     | March 31, 2014 | 2014               | 2015         | 2016 | 2017 - 2018 |
| IPCA vs. US\$ fixed rate swap |                |                   |        |              |                |                   |                    |                |                    |              |      |             |
| Receivable                    | R\$ 450        |                   | Fix    | 6.46%        | 204            |                   |                    |                |                    |              |      |             |
| Payable                       | US\$ 187       |                   | US\$ + | 4.02%        | (196)          |                   |                    |                |                    |              |      |             |
| Net                           |                |                   |        |              | 8              |                   |                    | 32             |                    | 5            | 4    |             |
| Adjusted                      |                |                   |        |              |                |                   |                    |                |                    |              |      |             |
| Net for credit risk           |                |                   |        |              | 8              |                   |                    |                |                    | 5            | 4    |             |

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

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

### Protection program for Euro denominated debt

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

| Flow                                | Notional (\$ million) |                   |       |              | Fair value     |                   | Realized Gain/Loss | Value at Risk | US\$ Million       |            |            |  |
|-------------------------------------|-----------------------|-------------------|-------|--------------|----------------|-------------------|--------------------|---------------|--------------------|------------|------------|--|
|                                     | March 31, 2014        | December 31, 2013 | Index | Average rate | March 31, 2014 | December 31, 2013 |                    |               | Fair value by year |            |            |  |
| Receivable                          | 1,000                 | 1,000             | EUR   | 4.063%       | 1,554          | 1,530             | 765                |               |                    |            |            |  |
| Payable                             | US\$ 1,302            | US\$ 1,288        | US\$  | 4.422%       | (1,440)        | (1,411)           | (754)              |               |                    |            |            |  |
| <b>Net</b>                          |                       |                   |       |              | <b>114</b>     | <b>119</b>        | <b>11</b>          | <b>12</b>     |                    | <b>(3)</b> | <b>117</b> |  |
| <b>Adjusted Net for credit risk</b> |                       |                   |       |              |                |                   |                    |               |                    |            |            |  |
|                                     |                       |                   |       |              | <b>108</b>     | <b>113</b>        |                    |               |                    | <b>(3)</b> | <b>111</b> |  |

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**Type of contracts:** OTC Contracts

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

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

## Foreign exchange hedging program for disbursements in Canadian dollars

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

| Flow                           | Notional (\$ million) |                      |           |  | Average rate<br>(CAD/USD) | Fair value        |                      | Realized Gain/Loss<br>March 31, 2014 | Value at Risk<br>March 31,<br>2014 | US\$ Million<br>Fair value by year |      |      |
|--------------------------------|-----------------------|----------------------|-----------|--|---------------------------|-------------------|----------------------|--------------------------------------|------------------------------------|------------------------------------|------|------|
|                                | March 31,<br>2014     | December 31,<br>2013 | Buy/ Sell |  |                           | March 31,<br>2014 | December 31,<br>2013 |                                      |                                    | 2014                               | 2015 | 2016 |
| Forward                        | CAD 638               | CAD 786              | B         |  | 1.020                     | (52)              | (38)                 |                                      | 4                                  | (33)                               | (18) | (1)  |
| Adjusted total for credit risk |                       |                      |           |  |                           | (52)              | (39)                 |                                      |                                    | (33)                               | (18) | (1)  |

**Type of contracts:** OTC Contracts

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

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

## Commodity Derivative Positions

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

### Nickel 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>March 31, 2014 | Value at Risk<br>March 31, 2014 | US\$ Million       |              |
|---------------------------------------|----------------|-------------------|-----------|------------------------------|----------------|-------------------|--------------------------------------|---------------------------------|--------------------|--------------|
|                                       | March 31, 2014 | December 31, 2013 |           |                              | March 31, 2014 | December 31, 2013 |                                      |                                 | Fair value by year | 2014         |
| Nickel Futures                        | 1,020          | 0                 | B         | 16,147                       | (0.3)          |                   |                                      |                                 |                    | (0.3)        |
| Nickel Futures                        | 1,036          | 168               | S         | 15,925                       | 0.1            | 0.03              | (0.04)                               |                                 |                    | 0.09         |
| <b>Adjusted total for credit risk</b> |                |                   |           |                              | <b>(0.2)</b>   | <b>0.03</b>       | <b>(0.04)</b>                        | <b>0.7</b>                      |                    | <b>(0.2)</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 exposure to Nickel price fluctuations, we entered into derivatives to convert to floating prices all contracts with clients that required a fixed price. These trades aim to guarantee that the prices of these operations would be the same of the average prices negotiated in LME in the date the product is delivered to the client. It normally involves buying Nickel forwards (Over-the-Counter) or futures (exchange negotiated). Those operations are usually reverted before the maturity in order to match 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>March 31, 2014 | Value at Risk<br>March 31, 2014 | US\$ Million       |           |
|---------------------------------------|----------------|-------------------|-----------|------------------------------|----------------|-------------------|--------------------------------------|---------------------------------|--------------------|-----------|
|                                       | March 31, 2014 | December 31, 2013 |           |                              | March 31, 2014 | December 31, 2013 |                                      |                                 | Fair value by year | 2014 2015 |
| Nickel Futures                        | 7,184          | 6,317             | B         | 14,767                       | 9              | (2)               | (4)                                  | 3                               | 8                  | 1         |
| <b>Adjusted total for credit risk</b> |                |                   |           |                              | <b>9</b>       | <b>(2)</b>        |                                      |                                 | <b>8</b>           | <b>1</b>  |



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**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 purchase and the pricing period of final products sale to the clients, as the copper scrap combined with other raw materials or inputs to produce copper for the final clients. This program usually is implemented by the sale of forwards or futures at LME or Over-the-Counter operations.

| Flow               | Notional (ton) |                   | Buy/ Sell | Average Strike<br>(US\$/ton) | Fair value     |                   | Realized Gain/Loss<br>March 31, 2014 | Value at Risk<br>March 31, 2014 | US\$ Million<br>Fair value by ye<br>2014 |
|--------------------|----------------|-------------------|-----------|------------------------------|----------------|-------------------|--------------------------------------|---------------------------------|------------------------------------------|
|                    | March 31, 2014 | December 31, 2013 |           |                              | March 31, 2014 | December 31, 2013 |                                      |                                 |                                          |
| Nickel<br>Forwards | 3,413          | 2,111             |           | 14,753                       | 3.1            | 0.04              | 0.4                                  |                                 |                                          |
|                    |                |                   | S         |                              |                |                   |                                      |                                 |                                          |
| Copper<br>Forwards | 5,296          | 6,277             |           | 6,979                        | (1.8)          | 0.35              | 0.4                                  |                                 | (                                        |
| <b>Total</b>       |                |                   |           |                              | <b>1.3</b>     | <b>0.39</b>       | <b>0.8</b>                           | <b>1</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.

### Bunker Oil Purchase Protection Program

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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>March 31, 2014 | Value at Risk<br>March 31,<br>2014 | US\$ Million               |
|--------------------------------------|-------------------|----------------------|-----------|-----------------------------|-------------------|----------------------|--------------------------------------|------------------------------------|----------------------------|
|                                      | March 31,<br>2014 | December 31,<br>2013 |           |                             | March 31,<br>2014 | December 31,<br>2013 |                                      |                                    | Fair value by year<br>2014 |
| Forward                              | 1,108,500         |                      | B         | 591                         | 3                 |                      |                                      | 9                                  | 3                          |
| Adjusted<br>total for<br>credit risk |                   |                      |           |                             | 3                 |                      |                                      |                                    | 3                          |

**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>March 31, 2014 | Value at Risk<br>March 31,<br>2014 | US\$ Million               |
|--------------------------------------|-------------------|----------------------|-----------|-----------------------------|-------------------|-------------------|--------------------------------------|------------------------------------|----------------------------|
|                                      | March 31,<br>2014 | December 31,<br>2013 |           |                             | March 31,<br>2014 | December 31, 2013 |                                      |                                    | Fair value by year<br>2014 |
| Forward                              | 2,110,500         | 1,590,000            | B         | 600                         | (14)              | (3)               | (0.2)                                | 17                                 | (14)                       |
| Adjusted<br>total for<br>credit risk |                   |                      |           |                             | (14)              | (3)               |                                      |                                    | (14)                       |

**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.

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

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

| Flow                           | Notional (\$ million) |                   |           | Average Strike<br>(US\$/stock) | Fair value     |                   | Realized Gain/Loss<br>March 31, 2014 | Value at Risk<br>March 31, 2014 | US\$ Million               |
|--------------------------------|-----------------------|-------------------|-----------|--------------------------------|----------------|-------------------|--------------------------------------|---------------------------------|----------------------------|
|                                | March 31, 2014        | December 31, 2013 | Buy/ Sell |                                | March 31, 2014 | December 31, 2013 |                                      |                                 | Fair value by year<br>2023 |
| Call Option                    | US\$ 10               | US\$ 10           | B         | 65                             | 48             | 40                |                                      | 4                               | 48                         |
| Adjusted total for credit risk |                       |                   |           |                                | 47             | 40                |                                      |                                 | 47                         |

**Embedded Derivative Positions**

The Company's cash flow is also exposed to several market risks associated to contracts that contain embedded derivatives or derivative-like features. From Vale's perspective, it may include, but is not limited to, commercial contracts, procurement contracts, rental contracts, bonds, insurance policies and loans. The following embedded derivatives were observed in March 31, 2014:

**Raw material and intermediate products purchase**

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

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

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|              |       |       |            |             |            |            |            |
|--------------|-------|-------|------------|-------------|------------|------------|------------|
| Nickel       | 3,413 | 2,111 | 14,753     | 0.04        | 0.4        |            |            |
| Forwards     |       |       | 3.1        |             |            |            | 3.1        |
|              |       | S     |            |             |            |            |            |
| Copper       | 5,296 | 6,277 | 6,979      | 0.35        | 0.4        |            |            |
| Forwards     |       |       | (1.8)      |             |            |            | (1.8)      |
| <b>Total</b> |       |       | <b>1.3</b> | <b>0.39</b> | <b>0.8</b> | <b>1.4</b> | <b>1.3</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>March 31, 2014 | US\$ Million<br>Value at Risk Fair value by year |       |       |       |
|-----------------|-------------------------|-------------------|-----------|------------------------------|-------------------|-------------------|--------------------------------------|--------------------------------------------------|-------|-------|-------|
|                 | March 31,<br>2014       | December 31, 2013 |           |                              | March 31,<br>2014 | December 31, 2013 |                                      | March 31,<br>2014                                | 2014  | 2015  | 2016  |
|                 |                         |                   |           |                              |                   |                   |                                      |                                                  |       |       |       |
| Call<br>Options | 746,667                 | 746,667           | S         | 179.36                       | (2.1)             | (1.54)            |                                      | 2.3                                              | (0.3) | (1.3) | (0.5) |

## 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.

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

| Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) |
|----------|------------------|----------|------------------|----------|------------------|
| SPOT     | 15.735,00        | SEP14    | 15.925,21        | MAR15    | 15.950,61        |
| APR14    | 15.879,29        | OCT14    | 15.931,09        | MAR16    | 15.996,08        |
| MAY14    | 15.894,63        | NOV14    | 15.936,79        | MAR17    | 16.016,98        |
| JUN14    | 15.905,08        | DEC14    | 15.940,00        | MAR18    | 16.010,22        |
| JUL14    | 15.912,91        | JAN15    | 15.940,00        |          |                  |
| AUG14    | 15.918,79        | FEB15    | 15.943,43        |          |                  |

**Copper**

| Maturity | Price (US\$/lb) | Maturity | Price (US\$/lb) | Maturity | Price (US\$/lb) |
|----------|-----------------|----------|-----------------|----------|-----------------|
| SPOT     | 3,02            | SEP14    | 3,01            | MAR15    | 3,02            |
| APR14    | 3,02            | OCT14    | 3,02            | MAR16    | 3,02            |
| MAY14    | 3,02            | NOV14    | 3,02            | MAR17    | 3,03            |
| JUN14    | 3,02            | DEC14    | 3,02            | MAR18    | 3,03            |
| JUL14    | 3,01            | JAN15    | 3,02            |          |                 |
| AUG14    | 3,01            | FEB15    | 3,02            |          |                 |

**Bunker Oil**

| Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) |
|----------|------------------|----------|------------------|----------|------------------|
| SPOT     | 604,38           | SEP14    | 592,00           | MAR15    | 587,74           |
| APR14    | 598,55           | OCT14    | 591,44           | MAR16    | 572,01           |
| MAY14    | 592,83           | NOV14    | 590,85           | MAR17    | 561,70           |
| JUN14    | 593,07           | DEC14    | 590,28           | MAR18    | 558,05           |
| JUL14    | 592,93           | JAN15    | 589,66           |          |                  |
| AUG14    | 592,53           | FEB15    | 589,05           |          |                  |

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

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 05/02/14 | 0,58          | 07/01/16 | 1,75          | 01/02/19 | 3,09          |
| 06/02/14 | 0,61          | 10/03/16 | 1,86          | 04/01/19 | 3,22          |
| 07/01/14 | 0,68          | 01/02/17 | 1,98          | 07/01/19 | 3,33          |
| 10/01/14 | 0,87          | 04/03/17 | 2,10          | 10/01/19 | 3,46          |
| 01/02/15 | 1,09          | 07/03/17 | 2,23          | 01/02/20 | 3,61          |
| 04/01/15 | 1,20          | 10/02/17 | 2,36          | 07/01/20 | 3,85          |
| 07/01/15 | 1,34          | 01/02/18 | 2,51          | 01/04/21 | 4,07          |
| 10/01/15 | 1,43          | 04/02/18 | 2,68          | 07/01/21 | 4,25          |
| 01/04/16 | 1,55          | 07/02/18 | 2,82          | 01/03/22 | 4,41          |
| 04/01/16 | 1,62          | 10/01/18 | 2,96          | 01/02/23 | 4,74          |

**US\$ Interest Rate**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 1M       | 0,15          | 6M       | 0,26          | 11M      | 0,27          |
| 2M       | 0,19          | 7M       | 0,26          | 12M      | 0,27          |
| 3M       | 0,23          | 8M       | 0,27          | 2Y       | 0,55          |
| 4M       | 0,25          | 9M       | 0,27          | 3Y       | 1,03          |
| 5M       | 0,25          | 10M      | 0,27          | 4Y       | 1,50          |

**TJLP**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 05/02/14 | 5,00          | 07/01/16 | 5,00          | 01/02/19 | 5,00          |
| 06/02/14 | 5,00          | 10/03/16 | 5,00          | 04/01/19 | 5,00          |
| 07/01/14 | 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          | 07/01/20 | 5,00          |

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|          |      |          |      |          |      |
|----------|------|----------|------|----------|------|
| 07/01/15 | 5,00 | 01/02/18 | 5,00 | 01/04/21 | 5,00 |
| 10/01/15 | 5,00 | 04/02/18 | 5,00 | 07/01/21 | 5,00 |
| 01/04/16 | 5,00 | 07/02/18 | 5,00 | 01/03/22 | 5,00 |
| 04/01/16 | 5,00 | 10/01/18 | 5,00 | 01/02/23 | 5,00 |

**BRL Interest Rate**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 05/02/14 | 10,76         | 07/01/16 | 12,35         | 01/02/19 | 12,73         |
| 06/02/14 | 10,77         | 10/03/16 | 12,42         | 04/01/19 | 12,76         |
| 07/01/14 | 10,82         | 01/02/17 | 12,47         | 07/01/19 | 12,78         |
| 10/01/14 | 10,97         | 04/03/17 | 12,50         | 10/01/19 | 12,80         |
| 01/02/15 | 11,12         | 07/03/17 | 12,56         | 01/02/20 | 12,78         |
| 04/01/15 | 11,39         | 10/02/17 | 12,63         | 07/01/20 | 12,84         |
| 07/01/15 | 11,68         | 01/02/18 | 12,67         | 01/04/21 | 12,83         |
| 10/01/15 | 11,91         | 04/02/18 | 12,69         | 07/01/21 | 12,87         |
| 01/04/16 | 12,08         | 07/02/18 | 12,71         | 01/03/22 | 12,91         |
| 04/01/16 | 12,23         | 10/01/18 | 12,72         | 01/02/23 | 12,97         |

**Implicit Inflation (IPCA)**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 05/02/14 | 6,13          | 07/01/16 | 6,36          | 01/02/19 | 6,16          |
| 06/02/14 | 6,13          | 10/03/16 | 6,31          | 04/01/19 | 6,16          |
| 07/01/14 | 6,18          | 01/02/17 | 6,28          | 07/01/19 | 6,16          |
| 10/01/14 | 6,33          | 04/03/17 | 6,23          | 10/01/19 | 6,16          |
| 01/02/15 | 6,47          | 07/03/17 | 6,23          | 01/02/20 | 6,12          |
| 04/01/15 | 6,71          | 10/02/17 | 6,25          | 07/01/20 | 6,14          |
| 07/01/15 | 6,56          | 01/02/18 | 6,24          | 01/04/21 | 6,09          |
| 10/01/15 | 6,48          | 04/02/18 | 6,22          | 07/01/21 | 6,10          |
| 01/04/16 | 6,41          | 07/02/18 | 6,20          | 01/03/22 | 6,10          |
| 04/01/16 | 6,38          | 10/01/18 | 6,18          | 01/02/23 | 6,11          |

**EUR Interest Rate**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 1M       | 0,21          | 6M       | 0,37          | 11M      | 0,41          |
| 2M       | 0,25          | 7M       | 0,39          | 12M      | 0,42          |
| 3M       | 0,28          | 8M       | 0,39          | 2Y       | 0,49          |
| 4M       | 0,33          | 9M       | 0,40          | 3Y       | 0,62          |
| 5M       | 0,35          | 10M      | 0,41          | 4Y       | 0,80          |

**CAD Interest Rate**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|----------|---------------|----------|---------------|----------|---------------|
| 1M       | 1,23          | 6M       | 1,36          | 11M      | 1,28          |
| 2M       | 1,25          | 7M       | 1,34          | 12M      | 1,28          |
| 3M       | 1,27          | 8M       | 1,32          | 2Y       | 1,39          |

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|    |      |     |      |    |      |
|----|------|-----|------|----|------|
| 4M | 1,32 | 9M  | 1,30 | 3Y | 1,62 |
| 5M | 1,34 | 10M | 1,29 | 4Y | 1,90 |

Currencies - Ending rates

|          |        |          |        |          |        |
|----------|--------|----------|--------|----------|--------|
| CAD/US\$ | 0,9046 | US\$/BRL | 2,2630 | EUR/US\$ | 1,3772 |
|----------|--------|----------|--------|----------|--------|

Table of Contents**Sensitivity Analysis**

We present below the sensitivity analysis for all derivatives outstanding positions as of March 31, 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 March 31, 2014;
- Scenario I: Potential change in fair value of Vale's financial instruments positions considering a 25% depreciation of market curves for underlying market risk factors;
- Scenario II: Potential change in fair value of Vale's financial instruments positions considering a 25% appreciation of market curves for underlying market risk factors;
- Scenario III: Potential change in fair value of Vale's financial instruments positions considering a 50% depreciation of market curves for underlying market risk factors;
- Scenario IV: Potential change in fair value of Vale's financial instruments positions considering a 50% appreciation of market curves for underlying market risk factors;

**Sensitivity Analysis Summary of the USD/BRL fluctuation Debt, Cash Investments and Derivatives****Sensitivity analysis - Summary of the USD/BRL fluctuation***Amounts in US\$ million*

| Program          | Instrument                         | Risk                | Scenario I | Scenario II | Scenario III | Scenario IV |
|------------------|------------------------------------|---------------------|------------|-------------|--------------|-------------|
| Funding          | Debt denominated in BRL            | USD/BRL fluctuation |            |             |              |             |
| Funding          | Debt denominated in USD            | USD/BRL fluctuation | 5.089      | -5.089      | 10.178       | -10.178     |
| Cash Investments | Cash denominated in BRL            | USD/BRL fluctuation | 1          | -1          | 2            | -2          |
| Cash Investments | Cash denominated in USD            | USD/BRL fluctuation | 0          | 0           | 0            | 0           |
| Derivatives*     | Consolidated derivatives portfolio | USD/BRL fluctuation | -1.830     | 1.830       | -3.659       | 3.659       |
| Net result       |                                    |                     | 3.260      | -3.260      | 6.521        | -6.521      |

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(\*) 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. USD fixed rate swap                        | USD/BRL fluctuation                       |            | (736)      | 736         | (1.472)      | 1.472       |
|                                                                              |                                                    | USD interest rate inside Brazil variation | (329)      | (22)       | 21          | (44)         | 42          |
|                                                                              |                                                    | Brazilian interest rate fluctuation       |            | (11)       | 10          | (23)         | 19          |
|                                                                              |                                                    | USD Libor variation                       |            | (0,04)     | 0,04        | (0,1)        | 0,1         |
|                                                                              | CDI vs. USD floating rate swap                     | USD/BRL fluctuation                       |            | (63)       | 63          | (126)        | 126         |
|                                                                              |                                                    | Brazilian interest rate fluctuation       | (60)       | (0,1)      | 0,1         | (0,3)        | 0,3         |
|                                                                              |                                                    | USD Libor variation                       |            | (0,04)     | 0,04        | (0,1)        | 0,1         |
|                                                                              | Protected Items - Real denominated debt            | USD/BRL fluctuation                       | n.a.       |            |             |              |             |
| Protection program for the Real denominated debt indexed to TJLP             | TJLP vs. USD fixed rate swap                       | USD/BRL fluctuation                       |            | (797)      | 797         | (1.593)      | 1.593       |
|                                                                              |                                                    | USD interest rate inside Brazil variation | (769)      | (53)       | 49          | (109)        | 96          |
|                                                                              |                                                    | Brazilian interest rate fluctuation       |            | 179        | (157)       | 386          | (296)       |
|                                                                              |                                                    | TJLP interest rate fluctuation            |            | (81)       | 79          | (163)        | 155         |
|                                                                              | TJLP vs. USD floating rate swap                    | USD/BRL fluctuation                       |            | (83)       | 83          | (165)        | 165         |
|                                                                              |                                                    | USD interest rate inside Brazil variation | (95)       | (5)        | 5           | (11)         | 10          |
|                                                                              |                                                    | Brazilian interest rate fluctuation       |            | 14         | (12)        | 30           | (23)        |
|                                                                              |                                                    | TJLP interest rate fluctuation            |            | (7)        | 6           | (13)         | 12          |
| Protection program for the Real denominated fixed rate debt                  | BRL fixed rate vs. USD                             | USD Libor variation                       |            | 4          | (4)         | 7            | (7)         |
|                                                                              |                                                    | USD/BRL fluctuation                       |            |            |             |              |             |
|                                                                              |                                                    | USD interest rate inside Brazil variation | (101)      | (5)        | 4           | (10)         | 9           |
|                                                                              |                                                    | Brazilian interest rate fluctuation       |            | 18         | (16)        | 39           | (31)        |
|                                                                              | Protected Items - Real denominated debt            | USD/BRL fluctuation                       | n.a.       |            |             |              |             |
|                                                                              |                                                    | USD interest rate inside Brazil variation |            |            |             |              |             |
|                                                                              |                                                    | Brazilian interest rate fluctuation       |            |            |             |              |             |
|                                                                              |                                                    | USD Libor variation                       |            |            |             |              |             |
| Protection program for the Real denominated debt indexed to IPCA             | IPCA vs. USD fixed rate swap                       | USD/BRL fluctuation                       |            | (49)       | 49          | (98)         | 98          |
|                                                                              |                                                    | USD interest rate inside Brazil variation | 8          | (8)        | 7           | (16)         | 14          |
|                                                                              |                                                    | Brazilian interest rate fluctuation       |            | 33         | (27)        | 73           | (50)        |
|                                                                              |                                                    | IPCA index fluctuation                    |            | (15)       | 16          | (29)         | 33          |
|                                                                              | Protected Items - Real denominated debt            | USD/BRL fluctuation                       | n.a.       |            |             |              |             |
| Protection Program for the Euro denominated debt                             | EUR fixed rate vs. USD fixed rate swap             | EUR/USD fluctuation                       |            | 388        | (388)       | 777          | (777)       |
|                                                                              |                                                    | EUR Libor variation                       | 108        | 26         | (25)        | 54           | (48)        |
|                                                                              |                                                    | USD Libor variation                       |            | (35)       | 31          | (73)         | 60          |
|                                                                              | Protected Items - Euro denominated debt            | EUR/USD fluctuation                       | n.a.       | (388)      | 388         | (777)        | 777         |
|                                                                              |                                                    | EUR Libor variation                       |            |            |             |              |             |
| Foreign Exchange hedging program for disbursements in Canadian dollars (CAD) | CAD Forward                                        | USD/CAD fluctuation                       |            | (156)      | 156         | (312)        | 312         |
|                                                                              |                                                    | CAD Libor variation                       | (52)       | 1          | (1)         | 3            | (3)         |
|                                                                              |                                                    | USD Libor variation                       |            | (0,4)      | 0,4         | (0,7)        | 0,7         |
|                                                                              | Protected Items - Disbursement in Canadian dollars | USD/CAD fluctuation                       | n.a.       | 156        | (156)       | 312          | (312)       |
|                                                                              |                                                    | CAD Libor variation                       |            |            |             |              |             |

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                            | Sale of nickel future/forward contracts                                     | Nickel price fluctuation     |            | 0,06       | -0,06       | 0,12         | -0,12       |
|                                                               |                                                                             | Libor USD fluctuation        | (0,2)      | 0          | 0           | 0            | 0           |
|                                                               |                                                                             | USD/CAD fluctuation          |            | (0,05)     | 0,05        | (0,10)       | 0,10        |
|                                                               | Protected Item: Part of Vale's revenues linked to Nickel price              | Nickel price fluctuation     | n.a.       | (0,06)     | 0,06        | (0,12)       | 0,12        |
| Nickel fixed price program                                    | Purchase of nickel future/forward contracts                                 | Nickel price fluctuation     |            | (29)       | 29          | (58)         | 58          |
|                                                               |                                                                             | Libor USD fluctuation        | 9          | -0,03      | 0,03        | -0,06        | 0,06        |
|                                                               |                                                                             | USD/CAD fluctuation          |            | 2          | (2)         | 5            | (5)         |
|                                                               | Protected Item: Part of Vale's nickel revenues from sales with fixed prices | Nickel price fluctuation     | n.a.       | 29         | (29)        | 58           | (58)        |
| Copper Scrap Purchase Protection Program                      | Sale of copper future/forward contracts                                     | Copper price fluctuation     |            | 0,4        | (0,4)       | 0,9          | (0,9)       |
|                                                               |                                                                             | Libor USD fluctuation        | 0,12       | 0          | 0           | 0            | 0           |
|                                                               |                                                                             | USD/CAD fluctuation          |            | 0,03       | -0,03       | 0,06         | -0,06       |
|                                                               | Protected Item: Part of Vale's revenues linked to Copper price              | Copper price fluctuation     | n.a.       | (0,4)      | 0,4         | (0,9)        | 0,9         |
| Bunker Oil Protection Program                                 | Bunker Oil forward                                                          | Bunker Oil price fluctuation |            | (164)      | 164         | (329)        | 329         |
|                                                               |                                                                             | Libor USD fluctuation        | 3          | -0,15      | 0,15        | (0,3)        | 0,3         |
|                                                               |                                                                             |                              |            |            |             |              |             |
|                                                               | Protected Item: part of Vale's costs linked to Bunker Oil price             | Bunker Oil price fluctuation | n.a.       | 164        | (164)       | 329          | (329)       |
| Bunker Oil Hedge Program                                      | Bunker Oil forward                                                          | Bunker Oil price fluctuation |            | (313)      | 313         | (625)        | 625         |
|                                                               |                                                                             | Libor USD fluctuation        | (14)       | (0,3)      | 0,3         | (0,6)        | 0,6         |
|                                                               |                                                                             |                              |            |            |             |              |             |
|                                                               | Protected Item: part of Vale's costs linked to Bunker Oil price             | Bunker Oil price fluctuation | n.a.       | 313        | (313)       | 625          | (625)       |
| Sell of part of future gold production (subproduct) from Vale | 10 million of SLW warrants                                                  | SLW stock price fluctuation  |            | (20)       | 24          | (36)         | 51          |
|                                                               |                                                                             | Libor USD fluctuation        | 47         | (2)        | 2           | (5)          | 5           |
|                                                               |                                                                             |                              |            |            |             |              |             |
|                                                               | Sell of part of future gold production (subproduct) from Vale               | SLW stock price fluctuation  | n.a.       | 20         | (24)        | 36           | (51)        |

**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 | 3,1        | 14         | -14         | 27           | -27         |
|                                                       |                                              | USD/CAD fluctuation      |            | -1         | 1           | -2           | 2           |

|                                                                        |                                                    |                                                    |       |          |             |           |              |
|------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|-------|----------|-------------|-----------|--------------|
| Embedded derivatives -<br>Raw material purchase (Copper)               | Embedded<br>derivatives - Raw<br>material purchase | Copper price<br>fluctuation<br>USD/CAD fluctuation | (1,8) | 9<br>0,4 | -9<br>(0,4) | 18<br>0,9 | -18<br>(0,9) |
| Embedded derivatives -<br>Gas purchase for Pelletizing Company in Oman | Embedded<br>derivatives - Gas<br>purchase          | Pellet price<br>fluctuation                        | (2,1) | 2        | -4          | 2         | -10          |

### Sensitivity Analysis - Cash Investments Other currencies

The Company's cash investments linked to other different currencies are also subjected to 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    | -15        | 15          | -30          | 30          |
| Cash Investments | Cash denominated in CAD              | CAD    | -2         | 2           | -4           | 4           |
| Cash Investments | Cash denominated in GBP              | GBP    | -2         | 2           | -5           | 5           |
| Cash Investments | Cash denominated in AUD              | AUD    | (0,1)      | 0,1         | (0,2)        | 0,2         |
| Cash Investments | Cash denominated in Other Currencies | Others | -50        | 50          | -100         | 100         |

Table of Contents**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 March 31, 2014.

| <b>Vale's Counterparty</b>            | <b>Moody's*</b> | <b>S&amp;P*</b> |
|---------------------------------------|-----------------|-----------------|
| ANZ Australia and New Zealand Banking | Aa2             | AA-             |
| Banco Amazônia SA                     |                 |                 |
| Banco Bradesco                        | Baa2            | BBB-            |
| Banco de Crédito del Peru             | Baa2            | BBB+            |
| Banco do Brasil                       | Baa2            | BBB-            |
| Banco do Nordeste                     | Baa3            | BBB-            |
| Banco Safra                           | Baa2            | BBB- *-         |
| Banco Santander                       | Baa2            | BBB-            |
| Banco Votorantim                      | Baa2            | BBB- *-         |
| Bank of America                       | Baa2            | A-              |
| Bank of Nova Scotia                   | Aa2             | A+              |
| Banpara                               | Ba3             | BB+ *-          |
| Barclays                              | A3              | A-              |
| BNP Paribas                           | A1              | A+              |
| BTG Pactual                           | Baa3            | 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-             |
| Standard Chartered                    | A2              | A+              |
| Intesa Sanpaolo Spa                   | Baa2            | BBB             |
| Royal Bank of Scotland                | Baa2            | BBB+            |

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\* Long Term Rating / LT Foreign Issuer Credit

Table of Contents**23. Stockholders Equity****a) Capital**

The 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, issuing new shares (authorized capital), including the capitalization of profits and reserves to the extent authorized.

In March 31 2014, the capital was US\$60,578 corresponding to 5,365,304,100 shares (3,256,724,482 ON and 2,108,579,618 PNA) with no par value.

| Stockholders                                    | March 31, 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                        | 731,858,467                | 615,722,487          | 1,347,580,954        |
| FMP - FGTS                                      | 84,769,942                 |                      | 84,769,942           |
| PIBB - BNDES                                    | 1,584,306                  | 2,358,536            | 3,942,842            |
| BNDESPar                                        | 206,378,882                | 66,185,272           | 272,564,154          |
| Foreign institutional investors in local market | 270,112,622                | 512,851,355          | 782,963,977          |
| Institutional investors                         | 123,988,167                | 364,825,506          | 488,813,673          |
| Retail investors in Brazil                      | 50,525,569                 | 385,438,758          | 435,964,327          |
| Treasure stock                                  | 71,071,482                 | 140,857,692          | 211,929,174          |
| <b>Total</b>                                    | <b>3,256,724,482</b>       | <b>2,108,579,618</b> | <b>5,365,304,100</b> |

**b) Treasury stocks**

In March 31, 2014, there are 211,929,174 treasury stocks, in the amount of US\$4,477. There were not transactions in the period.

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

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

|                                                                                         | Three-month period ended (unaudited) |                  |
|-----------------------------------------------------------------------------------------|--------------------------------------|------------------|
|                                                                                         | March 31, 2014                       | March 31, 2013   |
| <b>Net income from continuing operations attributable to the Company's stockholders</b> | <b>2,515</b>                         | <b>3,165</b>     |
| <b>Basic and diluted earnings per share:</b>                                            |                                      |                  |
| Income available to preferred stockholders                                              | 960                                  | 1,208            |
| Income available to common stockholders                                                 | 1,555                                | 1,957            |
| <b>Total</b>                                                                            | <b>2,515</b>                         | <b>3,165</b>     |
| Weighted average number of shares outstanding (thousands of shares) - preferred shares  | 1,967,722                            | 1,967,722        |
| Weighted average number of shares outstanding (thousands of shares) - common shares     | 3,185,653                            | 3,185,653        |
| <b>Total</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                                                      | 0.49                                 | 0.61             |
| Basic earnings per common share                                                         | 0.49                                 | 0.61             |

|                                                                                        | Three-month period ended (unaudited) |                  |
|----------------------------------------------------------------------------------------|--------------------------------------|------------------|
|                                                                                        | March 31, 2014                       | March 31, 2013   |
| <b>Loss from discontinuing operations attributable to the Company's stockholders</b>   |                                      | <b>(56)</b>      |
| <b>Basic and diluted earnings per share:</b>                                           |                                      |                  |
| Loss available to preferred stockholders                                               |                                      | (21)             |
| Loss available to common stockholders                                                  |                                      | (35)             |
| <b>Total</b>                                                                           |                                      | <b>(56)</b>      |
| Weighted average number of shares outstanding (thousands of shares) - preferred shares | 1,967,722                            | 1,967,722        |
| Weighted average number of shares outstanding (thousands of shares) - common shares    | 3,185,653                            | 3,185,653        |
| <b>Total</b>                                                                           | <b>5,153,375</b>                     | <b>5,153,375</b> |
| <b>Basic and diluted earnings per share from discontinuing operations</b>              |                                      |                  |
| Basic earnings per preferred share                                                     |                                      | (0.01)           |
| Basic earnings per common share                                                        |                                      | (0.01)           |

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|                                                                                        | Three-month period ended (unaudited) |                  |
|----------------------------------------------------------------------------------------|--------------------------------------|------------------|
|                                                                                        | March 31, 2014                       | March 31, 2013   |
| <b>Net income attributable to the Company's stockholders</b>                           | <b>2,515</b>                         | <b>3,109</b>     |
| <b>Basic and diluted earnings per share:</b>                                           |                                      |                  |
| Income available to preferred stockholders                                             | 960                                  | 1,187            |
| Income available to common stockholders                                                | 1,555                                | 1,922            |
| <b>Total</b>                                                                           | <b>2,515</b>                         | <b>3,109</b>     |
| Weighted average number of shares outstanding (thousands of shares) - preferred shares | 1,967,722                            | 1,967,722        |
| Weighted average number of shares outstanding (thousands of shares) - common shares    | 3,185,653                            | 3,185,653        |
| <b>Total</b>                                                                           | <b>5,153,375</b>                     | <b>5,153,375</b> |
| <b>Basic and diluted earnings per share</b>                                            |                                      |                  |
| Basic earnings per preferred share                                                     | 0.49                                 | 0.60             |
| Basic earnings per common share                                                        | 0.49                                 | 0.60             |

**24. 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) |              |             |             |              |
|---------------------------------------------------|--------------------------------------|--------------|-------------|-------------|--------------|
|                                                   | March 31, 2014                       |              |             |             |              |
|                                                   | Bulk Materials                       | Basic Metals | Fertilizers | Others      | Total        |
| <b>Results</b>                                    |                                      |              |             |             |              |
| Net operating revenue                             | 6,955                                | 1,728        | 533         | 287         | 9,503        |
| Cost and expenses                                 | (3,524)                              | (1,179)      | (498)       | (255)       | (5,456)      |
| Depreciation, depletion and amortization          | (492)                                | (429)        | (100)       | (5)         | (1,026)      |
| <b>Operating income (loss)</b>                    | <b>2,939</b>                         | <b>120</b>   | <b>(65)</b> | <b>27</b>   | <b>3,021</b> |
| Financial results, net                            | 287                                  | (131)        | 2           | (9)         | 149          |
| Equity results from joint ventures and associates | 229                                  | (6)          |             | (28)        | 195          |
| Income taxes                                      | (971)                                | (34)         | 19          | (3)         | (989)        |
| <b>Net income (loss)</b>                          | <b>2,484</b>                         | <b>(51)</b>  | <b>(44)</b> | <b>(13)</b> | <b>2,376</b> |
| Loss attributable to noncontrolling interests     | (20)                                 | (113)        | (5)         | (1)         | (139)        |

|                                                                 |              |              |             |             |              |
|-----------------------------------------------------------------|--------------|--------------|-------------|-------------|--------------|
| <b>Income (loss) attributable to the company's stockholders</b> | <b>2,504</b> | <b>62</b>    | <b>(39)</b> | <b>(12)</b> | <b>2,515</b> |
| <b>Sales classified by geographic area:</b>                     |              |              |             |             |              |
| America, except United States                                   | 203          | 348          | 10          |             | 561          |
| United States of America                                        | 2            | 262          |             | 124         | 388          |
| Europe                                                          | 1,188        | 593          | 27          |             | 1,808        |
| Middle East/Africa/Oceania                                      | 449          | 35           |             |             | 484          |
| Japan                                                           | 715          | 165          |             |             | 880          |
| China                                                           | 3,058        | 155          |             |             | 3,213        |
| Asia, except Japan and China                                    | 588          | 169          | 3           |             | 760          |
| Brazil                                                          | 752          | 1            | 493         | 163         | 1,409        |
| <b>Net operating revenue</b>                                    | <b>6,955</b> | <b>1,728</b> | <b>533</b>  | <b>287</b>  | <b>9,503</b> |

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| Three-month period ended (unaudited)<br>March 31, 2013                  |                |              |             |             |                                     |                                                  |               |
|-------------------------------------------------------------------------|----------------|--------------|-------------|-------------|-------------------------------------|--------------------------------------------------|---------------|
|                                                                         | Bulk Materials | Basic Metals | Fertilizers | Others      | Total of<br>continued<br>operations | Discontinued<br>operations<br>(General<br>Cargo) | Total         |
| <b>Results</b>                                                          |                |              |             |             |                                     |                                                  |               |
| Net operating revenue                                                   | 7,894          | 1,842        | 721         | 189         | 10,646                              | 289                                              | 10,935        |
| Cost and expenses                                                       | (3,483)        | (1,145)      | (639)       | (163)       | (5,430)                             | (303)                                            | (5,733)       |
| Depreciation, depletion and<br>amortization                             | (414)          | (463)        | (119)       | (11)        | (1,007)                             | (39)                                             | (1,046)       |
| <b>Operating income (loss)</b>                                          | <b>3,997</b>   | <b>234</b>   | <b>(37)</b> | <b>15</b>   | <b>4,209</b>                        | <b>(53)</b>                                      | <b>4,156</b>  |
| Financial results, net                                                  | (326)          | 39           | (8)         | (51)        | (346)                               | 1                                                | (345)         |
| Equity results from joint<br>ventures and associates                    | 180            | (4)          |             | (4)         | 172                                 |                                                  | 172           |
| Income taxes                                                            | (895)          | (25)         | 2           | (9)         | (927)                               | (4)                                              | (931)         |
| <b>Net income (loss)</b>                                                | <b>2,956</b>   | <b>244</b>   | <b>(43)</b> | <b>(49)</b> | <b>3,108</b>                        | <b>(56)</b>                                      | <b>3,052</b>  |
| Net loss attributable to<br>noncontrolling interests                    | (24)           | (28)         | 5           | (10)        | (57)                                |                                                  | (57)          |
| <b>Income (loss) attributable<br/>to the company's<br/>stockholders</b> | <b>2,980</b>   | <b>272</b>   | <b>(48)</b> | <b>(39)</b> | <b>3,165</b>                        | <b>(56)</b>                                      | <b>3,109</b>  |
| <b>Sales classified by<br/>geographic area:</b>                         |                |              |             |             |                                     |                                                  |               |
| America, except United<br>States                                        | 185            | 311          | 11          |             | 507                                 |                                                  | 507           |
| United States of America                                                | 3              | 288          |             | 25          | 316                                 |                                                  | 316           |
| Europe                                                                  | 1,415          | 620          | 33          |             | 2,068                               |                                                  | 2,068         |
| Middle East/Africa/Oceania                                              | 435            | 17           | 7           | 7           | 466                                 |                                                  | 466           |
| Japan                                                                   | 362            | 136          |             |             | 498                                 |                                                  | 498           |
| China                                                                   | 4,191          | 251          |             |             | 4,442                               |                                                  | 4,442         |
| Asia, except Japan and<br>China                                         | 576            | 216          | 13          |             | 805                                 |                                                  | 805           |
| Brazil                                                                  | 727            | 3            | 657         | 157         | 1,544                               | 289                                              | 1,833         |
| <b>Net operating revenue</b>                                            | <b>7,894</b>   | <b>1,842</b> | <b>721</b>  | <b>189</b>  | <b>10,646</b>                       | <b>289</b>                                       | <b>10,935</b> |

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| Three-month period ended (unaudited)<br>March 31, 2014 |                           |                |              |                            |                                            |                            |                                                |                     |                                                    |                                                                    |            |
|--------------------------------------------------------|---------------------------|----------------|--------------|----------------------------|--------------------------------------------|----------------------------|------------------------------------------------|---------------------|----------------------------------------------------|--------------------------------------------------------------------|------------|
|                                                        | 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                                               | 5,183                     | (1,955)        | (324)        | (61)                       | (24)                                       | 2,819                      | (369)                                          | 2,450               | 39,337                                             | 1,316                                                              | 6          |
| Pellets                                                | 1,431                     | (612)          | (3)          |                            | (22)                                       | 794                        | (51)                                           | 743                 | 1,813                                              | 75                                                                 | 1,0        |
| Ferroalloys<br>and<br>manganese                        | 69                        | (55)           | (2)          |                            | (5)                                        | 7                          | (6)                                            | 1                   | 290                                                | 28                                                                 |            |
| Others<br>ferrous<br>products<br>and<br>services       | 135                       | (163)          | 1            |                            |                                            | (27)                       | (27)                                           | (54)                | 385                                                | 13                                                                 |            |
|                                                        | <b>6,818</b>              | <b>(2,785)</b> | <b>(328)</b> | <b>(61)</b>                | <b>(51)</b>                                | <b>3,593</b>               | <b>(453)</b>                                   | <b>3,140</b>        | <b>41,825</b>                                      | <b>1,432</b>                                                       | <b>1,7</b> |
| Coal                                                   | 137                       | (237)          | (53)         | (1)                        | (8)                                        | (162)                      | (39)                                           | (201)               | 4,548                                              | 396                                                                | 3          |
|                                                        | <b>6,955</b>              | <b>(3,022)</b> | <b>(381)</b> | <b>(62)</b>                | <b>(59)</b>                                | <b>3,431</b>               | <b>(492)</b>                                   | <b>2,939</b>        | <b>46,373</b>                                      | <b>1,828</b>                                                       | <b>2,0</b> |
| <b>Base Metals</b>                                     |                           |                |              |                            |                                            |                            |                                                |                     |                                                    |                                                                    |            |
| Nickel and<br>other<br>products (a)                    | 1,400                     | (809)          | (25)         | (31)                       | (115)                                      | 420                        | (391)                                          | 29                  | 28,898                                             | 268                                                                |            |
| Copper (b)                                             | 328                       | (202)          | 7            |                            | (4)                                        | 129                        | (38)                                           | 91                  | 3,927                                              | 110                                                                | 2          |
|                                                        | <b>1,728</b>              | <b>(1,011)</b> | <b>(18)</b>  | <b>(31)</b>                | <b>(119)</b>                               | <b>549</b>                 | <b>(429)</b>                                   | <b>120</b>          | <b>32,825</b>                                      | <b>378</b>                                                         | <b>2</b>   |
| <b>Fertilizers</b>                                     |                           |                |              |                            |                                            |                            |                                                |                     |                                                    |                                                                    |            |
| Potash                                                 | 36                        | (30)           |              | (4)                        | (7)                                        | (5)                        | (5)                                            | (10)                | 183                                                |                                                                    |            |
| Phosphates                                             | 403                       | (343)          | (20)         | (11)                       | (22)                                       | 7                          | (83)                                           | (76)                | 7,551                                              | 80                                                                 |            |
| Nitrogen                                               | 78                        | (56)           | (2)          | (2)                        | (1)                                        | 17                         | (12)                                           | 5                   |                                                    |                                                                    |            |
| Others<br>fertilizers<br>products                      | 16                        |                |              |                            |                                            | 16                         |                                                | 16                  |                                                    |                                                                    |            |
|                                                        | <b>533</b>                | <b>(429)</b>   | <b>(22)</b>  | <b>(17)</b>                | <b>(30)</b>                                | <b>35</b>                  | <b>(100)</b>                                   | <b>(65)</b>         | <b>7,734</b>                                       | <b>80</b>                                                          |            |
| <b>Others</b>                                          | <b>287</b>                | <b>(187)</b>   | <b>(33)</b>  | <b>(35)</b>                |                                            | <b>32</b>                  | <b>(5)</b>                                     | <b>27</b>           | <b>3,924</b>                                       | <b>97</b>                                                          | <b>2,9</b> |
| <b>Total</b>                                           | <b>9,503</b>              | <b>(4,649)</b> | <b>(454)</b> | <b>(145)</b>               | <b>(208)</b>                               | <b>4,047</b>               | <b>(1,026)</b>                                 | <b>3,021</b>        | <b>90,856</b>                                      | <b>2,383</b>                                                       | <b>5,3</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>March 31, 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</b>                                             |                           |                |              |                            |                                            |                            |                                                |                     |                                                    |                                                                    |            |
| <b>minerals</b>                                            |                           |                |              |                            |                                            |                            |                                                |                     |                                                    |                                                                    |            |
| Iron ore                                                   | 6,139                     | (1,961)        | (348)        | (60)                       | (50)                                       | 3,720                      | (299)                                          | 3,421               | 39,833                                             | 1,765                                                              |            |
| Pellets                                                    | 1,409                     | (461)          |              | (3)                        | (36)                                       | 909                        | (39)                                           | 870                 | 2,087                                              | 70                                                                 |            |
| Ferroalloys<br>and<br>manganese                            | 117                       | (76)           | (23)         |                            |                                            | 18                         | (5)                                            | 13                  | 253                                                | 11                                                                 |            |
| Others<br>ferrous<br>products and<br>services              | 18                        | (26)           | (2)          |                            |                                            | (10)                       | (29)                                           | (39)                | 604                                                | 6                                                                  |            |
|                                                            | <b>7,683</b>              | <b>(2,524)</b> | <b>(373)</b> | <b>(63)</b>                | <b>(86)</b>                                | <b>4,637</b>               | <b>(372)</b>                                   | <b>4,265</b>        | <b>42,777</b>                                      | <b>1,852</b>                                                       |            |
| Coal                                                       | 211                       | (261)          | (155)        | (10)                       | (11)                                       | (226)                      | (42)                                           | (268)               | 3,831                                              | 120                                                                |            |
|                                                            | <b>7,894</b>              | <b>(2,785)</b> | <b>(528)</b> | <b>(73)</b>                | <b>(97)</b>                                | <b>4,411</b>               | <b>(414)</b>                                   | <b>3,997</b>        | <b>46,608</b>                                      | <b>1,972</b>                                                       |            |
| <b>Base Metals</b>                                         |                           |                |              |                            |                                            |                            |                                                |                     |                                                    |                                                                    |            |
| Nickel and<br>other<br>products (a)                        | 1,581                     | (861)          | (49)         | (47)                       | (190)                                      | 434                        | (421)                                          | 13                  | 29,613                                             | 769                                                                |            |
| Copper (b)                                                 | 261                       | (198)          | (29)         | (13)                       | (2)                                        | 19                         | (42)                                           | (23)                | 4,616                                              | 184                                                                |            |
| Others                                                     |                           |                | 244          |                            |                                            | 244                        |                                                | 244                 |                                                    |                                                                    |            |
|                                                            | <b>1,842</b>              | <b>(1,059)</b> | <b>166</b>   | <b>(60)</b>                | <b>(192)</b>                               | <b>697</b>                 | <b>(463)</b>                                   | <b>234</b>          | <b>34,229</b>                                      | <b>953</b>                                                         |            |
| <b>Fertilizers</b>                                         |                           |                |              |                            |                                            |                            |                                                |                     |                                                    |                                                                    |            |
| Potash                                                     | 51                        | (28)           | 3            | (1)                        | (7)                                        | 18                         | (19)                                           | (1)                 | 2,275                                              | 219                                                                |            |
| Phosphates                                                 | 482                       | (382)          | (57)         | (3)                        | (13)                                       | 27                         | (72)                                           | (45)                | 7,734                                              | 75                                                                 |            |
| Nitrogen                                                   | 171                       | (144)          | (1)          | (2)                        | (2)                                        | 22                         | (28)                                           | (6)                 |                                                    |                                                                    |            |
| Others<br>fertilizers<br>products                          | 17                        |                |              | (2)                        |                                            | 15                         |                                                | 15                  | 333                                                |                                                                    |            |
|                                                            | <b>721</b>                | <b>(554)</b>   | <b>(55)</b>  | <b>(8)</b>                 | <b>(22)</b>                                | <b>82</b>                  | <b>(119)</b>                                   | <b>(37)</b>         | <b>10,342</b>                                      | <b>294</b>                                                         |            |
| <b>Others</b>                                              | <b>189</b>                | <b>(118)</b>   | <b>(15)</b>  | <b>(30)</b>                |                                            | <b>26</b>                  | <b>(11)</b>                                    | <b>15</b>           | <b>2,076</b>                                       | <b>129</b>                                                         |            |
| <b>Total of<br/>continued<br/>operations</b>               | <b>10,646</b>             | <b>(4,516)</b> | <b>(432)</b> | <b>(171)</b>               | <b>(311)</b>                               | <b>5,216</b>               | <b>(1,007)</b>                                 | <b>4,209</b>        | <b>93,255</b>                                      | <b>3,348</b>                                                       |            |
| <b>Discontinued<br/>operations<br/>(General<br/>Cargo)</b> | <b>289</b>                | <b>(277)</b>   | <b>(21)</b>  | <b>(5)</b>                 |                                            | <b>(14)</b>                | <b>(39)</b>                                    | <b>(53)</b>         | <b>2,673</b>                                       | <b>199</b>                                                         |            |
| <b>Total</b>                                               | <b>10,935</b>             | <b>(4,793)</b> | <b>(453)</b> | <b>(176)</b>               | <b>(311)</b>                               | <b>5,202</b>               | <b>(1,046)</b>                                 | <b>4,156</b>        | <b>95,928</b>                                      | <b>3,547</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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**25. 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**

|                            | Three-month period ended (unaudited) |                |
|----------------------------|--------------------------------------|----------------|
|                            | March 31, 2014                       | March 31, 2013 |
| Personnel                  | 678                                  | 747            |
| Material                   | 810                                  | 949            |
| Fuel oil and gas           | 415                                  | 428            |
| Outsourcing services       | 902                                  | 834            |
| Energy                     | 145                                  | 159            |
| Acquisition of products    | 420                                  | 285            |
| Depreciation and depletion | 941                                  | 889            |
| Freight                    | 692                                  | 603            |
| Others                     | 587                                  | 510            |
| <b>Total</b>               | <b>5,590</b>                         | <b>5,404</b>   |

**b) Selling and administrative expenses**

|                                                  | Three-month period ended (unaudited) |                |
|--------------------------------------------------|--------------------------------------|----------------|
|                                                  | March 31, 2014                       | March 31, 2013 |
| Personnel                                        | 110                                  | 143            |
| Services (consulting, infrastructure and others) | 44                                   | 69             |
| Advertising and publicity                        | 5                                    | 7              |
| Depreciation                                     | 44                                   | 54             |
| Travel expenses                                  | 2                                    | 5              |
| Taxes and rents                                  | 6                                    | 8              |
| Selling                                          | 42                                   | 35             |
| Others                                           | 29                                   | 31             |
| <b>Total</b>                                     | <b>282</b>                           | <b>352</b>     |

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

|                          | Three-month period ended (unaudited) |                |
|--------------------------|--------------------------------------|----------------|
|                          | March 31, 2014                       | March 31, 2013 |
| Provision for litigation | 56                                   | 10             |

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|                                                 |            |            |
|-------------------------------------------------|------------|------------|
| Provision for loss with VAT credits (ICMS)      | 45         | 15         |
| Provision for profit sharing                    | 40         | 60         |
| Provision for disposal of materials/inventories | 20         | 142        |
| Goldstream transaction                          |            | (244)      |
| Other                                           | 56         | 152        |
| <b>Total</b>                                    | <b>217</b> | <b>135</b> |

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The financial results, by nature, are as follows:

|                                                | Three-month period ended (unaudited) |                |
|------------------------------------------------|--------------------------------------|----------------|
|                                                | March 31, 2014                       | March 31, 2013 |
| <b>Financial expenses</b>                      |                                      |                |
| Interest                                       | (334)                                | (333)          |
| Labor, tax and civil contingencies             | (7)                                  | (17)           |
| Derivatives                                    | (19)                                 | (73)           |
| Indexation and exchange rate variation (a)     | (489)                                | (298)          |
| Stockholders' debentures                       | (22)                                 | (172)          |
| Net expenses of REFIS                          | (161)                                |                |
| Others                                         | (158)                                | (79)           |
|                                                | <b>(1,190)</b>                       | <b>(972)</b>   |
| <b>Financial income</b>                        |                                      |                |
| Derivatives                                    | 231                                  | 179            |
| Indexation and exchange rate variation (b)     | 1,005                                | 379            |
| Others                                         | 103                                  | 68             |
|                                                | <b>1,339</b>                         | <b>626</b>     |
| <b>Financial results, net</b>                  | <b>149</b>                           | <b>(346)</b>   |
| <b>Summary of indexation and exchange rate</b> |                                      |                |
| Loans and financing                            | 856                                  | 300            |
| Related parties                                | 4                                    | 4              |
| Others                                         | (344)                                | (223)          |
| <b>Net (a) + (b)</b>                           | <b>516</b>                           | <b>81</b>      |

**27. 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 the 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 exercise price of US\$65 exercisable in the next ten years, which fair value is US\$100. The amount of US\$1,330 was received for the Salobo transaction and US\$570 plus the ten million warrants of SLW were received for the Sudbury transaction.

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In addition, 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 of the transaction being: (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, was estimated in the amount of US\$244 and 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 March 31, 2014 and 2013, the Company recognized US\$22 and US\$17 in Statement of Income related to rendered services.

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**28. Commitments**

**a) Nickel project New Caledonia**

In regards to the construction and installation of our nickel plant in New Caledonia, we have provided guarantees in respect of our financing arrangements. We believe the likelihood of the guarantee being called upon is remote.

In October 2012, we entered into an agreement with Sumic, a stockholder in VNC, whereby Sumic agreed to a dilution in their interest in VNC from 21% to 14.5%. Sumic originally had a put option to sell to us the shares they own in VNC, which under the October 2012 agreement, the trigger on the put option has been changed from a cost threshold to a production threshold. The put option has been deferred to the first quarter of 2015 which is the earliest that it can be exercised.

**b) Nickel Plant Indonesia**

During 2012, our subsidiary PT Vale Indonesia Tbk ( PTVI ), a public company in Indonesia, submitted its strategic growth plan to the local government as part of the process for the renewing its license for the Contract of Work ( CoW ). During the process, the government identified the following points for renegotiation: (i) size of the CoW area; (ii) term and form of CoW extension; (iii) financial obligations (royalties and taxes); (iv) domestic processing and refining; (v) mandatory divestment; and (vi) priority use of domestic goods and services. As part of the ongoing CoW renegotiation, PTVI submitted an updated growth strategy to high level government officials in June 2013. The CoW renegotiation progressed throughout 2013 and is on-going. Until the renegotiation process is complete, PTVI is unable to fully determine to what extent the CoW will be affected. The operations of PTVI and the implementation of the growth strategy are partially dependent on the result of the renegotiation of the CoW.

**c) Nickel Plant Canada**

On March 28, 2013, Vale Canada, Vale Newfoundland & Labrador Limited ( VNLL ) and the Province of Newfoundland and Labrador ( Province ) entered into a Fifth Amendment to the Voisey's Bay Development Agreement, which governs all of our development and operations in the Province involving the requirement to complete primary processing in the province. Vale has agreed to make certain payments to the Government in relation to the additional exemption utilized each year. In April 2013, VNLL surpassed the export limit and consequently, as at March 31, 2014 VNLL has accrued US\$10 for payments to be paid related to the additional export exemption. In addition, Vale will build up a litigation liability, secured by letters of credit and other security, based on the additional exemption utilized in each year, which may become due and payable in the event that certain commitments in relation to the construction of the underground mine are delayed or not met. In this regard, letters of credit in the amount of US\$123 have been issued as at March 31, 2014.

In the course of our operations we have provided other letters of credit and guarantees in the amount of US\$852 that are associated with items such as environment reclamation, asset retirement obligation commitments, insurance, electricity commitments, post-retirement benefits, community service commitments and import and export duties.

**d)      Guinea    Iron ore projects**

Our 51%-owned subsidiary VBG-Vale BSGR Limited ( VBG ) holds in 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 (subsequent event) the government of Guinea, based on the recommendation of the technical committee established pursuant to Guinean legislation, revoked VBG 'S mining concessions. The decision is based on the allegations of fraudulent conduct in connection with the acquisition of the licenses by BSGR (Vale 's current partner in VBG) more than one year before Vale 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. As at March 31, 2014, the total book value of the Company 's investment in VBG, which is in its pre-operating phase, was US\$1.2 billion.

Vale is actively considering its legal rights and options to recover both the investments made in Guinea as well as the initial investment made in the VBG.

**e)      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 March 31, 2014 and December 31, 2013 the value of the debentures at fair value totaled US\$1,860 and US\$1,775, respectively. The Company paid on March 2014 the amount of US\$52 as semi-annual compensation.

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**f) Operating lease - Pelletize 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 duration between 3 and 10 years.

The total amount of operational leasing expenses on pelletizing operations on March 31, 2014 and 2013 were US\$91 and US\$14, respectively.

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

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

**h) Guarantee issued to affiliates**

The Company provided corporate guarantees, within the limits of its participation, a line of credit acquired by associate Norte Energia S.A. from BNDES, Caixa Econômica Federal and Banco BTG Pactual. On March 31, 2014 the amount guaranteed by Vale was US\$395. After the conclusion of the transaction of our Energy Generations Assets (Note 6) our guarantee will be shared with CEMIG GT.

**29. Related parties**

Transactions with related parties are made by the Company in a strictly commutative manner, 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 rail transport services, through prices agreed between the parties.

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

|                                                           | March 31, 2014 (unaudited) |                 | December 31, 2013 |                 |
|-----------------------------------------------------------|----------------------------|-----------------|-------------------|-----------------|
|                                                           | Customers                  | Related parties | Customers         | Related parties |
| Baovale Mineração S.A.                                    | 4                          |                 | 4                 |                 |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 1                          |                 | 1                 |                 |
| Minas da Serra Geral S.A.                                 |                            | 1               |                   | 1               |
| Mineração Rio do Norte S.A.                               |                            | 7               |                   |                 |
| Mitsui Co.                                                | 42                         |                 | 47                |                 |
| MRS Logística S.A.                                        | 6                          | 30              | 6                 | 6               |
| Samarco Mineração S.A.                                    | 21                         | 168             | 29                | 162             |
| Teal Minerals Incorporated                                |                            | 187             |                   | 175             |
| VLI Multimodal S.A.                                       | 246                        | 129             |                   |                 |
| VLI S.A.                                                  | 9                          | 247             |                   |                 |
| VLI Operações Portuárias S.A.                             |                            | 34              |                   |                 |
| Others                                                    | 54                         | 31              | 29                | 25              |
| <b>Total</b>                                              | <b>383</b>                 | <b>834</b>      | <b>116</b>        | <b>369</b>      |
| Current                                                   | 383                        | 719             | 116               | 261             |
| Non-current                                               |                            | 115             |                   | 108             |
| <b>Total</b>                                              | <b>383</b>                 | <b>834</b>      | <b>116</b>        | <b>369</b>      |

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|                                                           | Liabilities                |                 |                   |                 |
|-----------------------------------------------------------|----------------------------|-----------------|-------------------|-----------------|
|                                                           | March 31, 2014 (unaudited) |                 | December 31, 2013 |                 |
|                                                           | Suppliers                  | Related parties | Suppliers         | Related parties |
| Baovale Mineração S.A.                                    | 9                          |                 | 15                |                 |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    | 25                         | 47              | 2                 | 59              |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 16                         |                 | 15                |                 |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     | 13                         | 17              | 2                 | 16              |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       | 40                         | 116             |                   | 128             |
| Ferrovia Centro-Atlântica S.A.                            | 6                          | 160             |                   |                 |
| Minas da Serra Geral S.A.                                 |                            |                 | 7                 |                 |
| Mitsui Co.                                                | 1                          |                 | 2                 |                 |
| MRS Logística S.A.                                        | 23                         |                 | 22                |                 |
| Samarco Mineração S.A.                                    |                            |                 | 1                 |                 |
| VLI Multimodal S.A.                                       |                            | 140             |                   |                 |
| VLI S.A.                                                  |                            | 4               |                   |                 |
| Others                                                    | 2                          | 8               |                   | 7               |
| <b>Total</b>                                              | <b>135</b>                 | <b>492</b>      | <b>66</b>         | <b>210</b>      |
| Current                                                   | 135                        | 328             | 66                | 205             |
| Non-current                                               |                            | 164             |                   | 5               |
| <b>Total</b>                                              | <b>135</b>                 | <b>492</b>      | <b>66</b>         | <b>210</b>      |

|                                                           | Income                               |                | Cost/ expense  |                |
|-----------------------------------------------------------|--------------------------------------|----------------|----------------|----------------|
|                                                           | Three-month period ended (unaudited) |                |                |                |
|                                                           | March 31, 2014                       | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| Baovale Mineração S.A.                                    |                                      |                | 5              | 6              |
| California Steel Industries                               | 94                                   | 25             |                |                |
| Companhia Siderúrgica do Atlântico                        |                                      |                | 116            | 27             |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO    |                                      |                | 26             | 4              |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS |                                      |                | 16             | 1              |
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO     |                                      |                | 10             | 4              |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO       |                                      |                | 39             | 5              |
| Mitsui & Co Ltd                                           | 44                                   | 27             |                |                |
| MRS Logística S.A.                                        |                                      | 2              | 138            | 144            |
| Samarco Mineração S.A.                                    | 62                                   | 78             |                |                |
| VLI S.A.                                                  | 112                                  |                | 27             |                |
| Others                                                    | 18                                   | 18             | 4              | 4              |
| <b>Total</b>                                              | <b>330</b>                           | <b>150</b>     | <b>381</b>     | <b>195</b>     |

Three-month period ended (unaudited)

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|                                          | March 31, 2014 |               | March 31, 2013 |               |
|------------------------------------------|----------------|---------------|----------------|---------------|
|                                          | Income         | Cost/ expense | Income         | Cost/ expense |
| Sales/Cost of iron ore and pellets       | 62             | 96            | 78             | 20            |
| Revenues/ expense from logistic services | 112            | 165           | 3              | 144           |
| Sales/ Cost of steel products            | 94             | 116           | 25             | 27            |
| Financial income/ expenses               | 13             |               |                |               |
| Others                                   | 49             | 4             | 44             | 4             |
|                                          | <b>330</b>     | <b>381</b>    | <b>150</b>     | <b>195</b>    |

|                                  | Balance sheet                        |                   | Statement of income |                |
|----------------------------------|--------------------------------------|-------------------|---------------------|----------------|
|                                  | Three-month period ended (unaudited) |                   |                     |                |
|                                  | March 31, 2014                       | December 31, 2013 | March 31, 2014      | March 31, 2013 |
| <b>Cash and cash equivalents</b> |                                      |                   |                     |                |
| Brasdesco                        | 21                                   | 25                | 1                   | 1              |
|                                  | <b>21</b>                            | <b>25</b>         | <b>1</b>            | <b>1</b>       |
| <b>Loan payable</b>              |                                      |                   |                     |                |
| BNDES                            | 4,837                                | 4,297             | (57)                | (35)           |
| BNDESPar                         | 833                                  | 718               | (12)                | (14)           |
|                                  | <b>5,670</b>                         | <b>5,015</b>      | <b>(69)</b>         | <b>(49)</b>    |

Remuneration of key management personnel:

|                                | Three-month period ended (unaudited) |                |
|--------------------------------|--------------------------------------|----------------|
|                                | March 31, 2014                       | March 31, 2013 |
| <b>Short-term benefits:</b>    | <b>18</b>                            | <b>15</b>      |
| Wages or pro-labor             | 3                                    | 3              |
| Direct and indirect benefits   | 4                                    | 3              |
| Bonus                          | 11                                   | 9              |
| <b>Long-term benefits:</b>     | <b>1</b>                             | <b>1</b>       |
| Based on stock                 | <b>1</b>                             | <b>1</b>       |
| <b>Termination of position</b> | <b>19</b>                            | <b>16</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

Renato da Cruz Gomes

Robson Rocha

**Alternate**

Laura Bedeschi Rego de Mattos

Eduardo de Oliveira Rodrigues Filho

Eduardo Fernando Jardim Pinto

Francisco Ferreira Alexandre

Hidehiro Takahashi

Hayton Jurema da Rocha

Luiz Carlos de Freitas

Luiz Maurício Leuzinger

Marco Geovanne Tobias da Silva

Sandro Kohler Marcondes

**Advisory Committees of the Board of Directors**

**Controlling Committee**

Luiz Carlos de Freitas

Paulo Ricardo Ultra Soares

Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

Laura Bedeschi Rego de Mattos

Luiz Maurício Leuzinger

Marcel Juvinião Barros

Oscar Augusto de Camargo Filho

**Strategic Committee**

**Governance and Sustainability Committee**

Gilmar Dalilo Cezar Wanderley

Renato da Cruz Gomes

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)**

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

**Finance Committee**

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

Gerd Peter Poppinga  
**Executive Officer (Base Metals and Information Technology)**

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: April 30, 2014

By:

Vale S.A.  
(Registrant)

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

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